

Friday April 28 1995



FINANCIAL TIMES

Weekend
FT
Section 2



Serious novel,
silly money



Flower
of Belgium



Tropical
islands with
a past



New theatre
for a new
millennium

World Business Newspaper

WEEKEND APRIL 29/APRIL 30 1995

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Chinese official's resignation renews succession fears

The sudden resignation this week of Chen Xitong, Communist party boss in Beijing, has highlighted Chinese leadership tensions and raised doubts about an orderly transition after the death of the national leader, Deng Xiaoping. Mr Chen's resignation was linked to the country's anti-corruption drive and the suicide earlier this month of Wang Baosen, a Beijing vice-mayor under investigation for corruption. Page 22

South Korean blast toll at 101



Rescuers said 101 people were dead and around 200 injured, in a rush-hour gas blast in Taegu, South Korea's third largest city. The explosion, caused by a leaking gas main at a subway construction site, hurled cars, trucks and buses into the air and scattered thousands of steel plates being used as a temporary road surface into the air. Page 3

Austria joins Schengen states

Austria became the 10th member of the border-free Schengen group of European Union countries, but warned it would take two years for the country to implement the accord fully. Page 3

Japanese bank revises profit estimates

The Long-Term Credit Bank of Japan, one of the country's largest banks, said it had revised downwards its profit estimate because of heavy losses on securities holdings. Page 6

Jospin tips Delors as French PM

Jospin, the Socialist contender for the French presidency, touted former European Commission president, Jacques Delors, as a possible prime minister should Mr Jospin win the election. Page 2

Spain to sell 12% of Telefonos

The Spanish government said that it would sell 12 per cent of its equity in Telefonos by the end of this year in a move that will reduce state-ownership of the national telecommunications operator to 20 per cent. Page 6

Chechen ceasefire broken

Russia's unilateral ceasefire in the Chechnya region of Chechnya lasted only a few hours before its troops became entangled in fierce skirmishes with resistance fighters who launched two attacks. Page 2

Morocco calls for fishing quota

Morocco said any new fishing accord with the European Union had to respect its demand for significant cuts in fish quotas as more than 700 EU fishing vessels prepared to leave Moroccan waters after the two sides failed to agree a new pact. The present accord ends tomorrow.

Oklahoma rescue delayed

Collapsing concrete delayed efforts to recover about 50 bodies believed still buried in the bombed Oklahoma City office building. The death count from the attack on the federal government building stands at 110.

UN approves Croatian action

The United Nations Security Council unanimously approved plans for a controversial operation in Croatia, reducing troops from 12,000 to 8,750 but leaving their precise deployment up to UN commanders.

FT-SE gains with Wall Street highs

The UK stockmarket traded in positive territory for much of yesterday, but could not ignore the opening weakness on Wall Street. This weakness reflected conflicting views of the US economy, and an early near 15-point gain on the FT-SE 100 index was transformed to a closing loss of 0.9 at 3,216.7. Over a week which saw Wall Street hitting record highs, the Footsie rose 16.8, or half a percentage point. Page 19

Canterbury to stay with Manchester United

French soccer star Eric Cantona confirmed he would stay at English Premiership club Manchester United for three more years, ending speculation that he would move to Italian club Inter Milan.

First-quarter GDP shows 2.8% annual rise ■ Result is 'welcome news'

Slowdown in US growth rate

By George Graham
in Washington

The US economy slowed in the first three months of this year from last year's breakneck pace to the kind of steady growth the Federal Reserve and the Clinton administration have been seeking.

The Commerce Department said real gross domestic product rose in the first quarter at an annualised rate of 2.8 per cent, compared with the scorching 5.1 per cent growth recorded in the fourth quarter of 1994.

Mr Ron Brown, the commerce secretary, said the figure offered "welcome news that the economy is moving to a more sustainable long-term growth path".

Private-sector economists said the slowdown, which had been widely predicted, appeared likely to confirm the Fed's assessment that its seven successive interest-rate increases over the last year have done enough to curb the inflationary pressure building in an overheating economy.

"We believe that the Fed will remain on hold into 1996," said Mr Bruce Steinberg, economist with the Wall Street firm Merrill Lynch.

Most Fed governors and regional Fed presidents, like the administration, are expecting some version of a "soft landing" for the US economy, with growth slowing from last year's unsustainable rate to between 2 and 3 per cent this year, while inflation accelerates only slightly to between 3 and 3.5 per cent.

The 2.8 per cent growth rate announced yesterday fell well within the range of investors' expectations, and financial markets scarcely responded.

However, stock and bond prices fell later, when the Chicago Purchasing Management Association announced that its members reported stronger than expected business activity in April. Nationwide purchasing managers' data are due to be published on Monday.

The first-quarter slowdown is expected to continue into subsequent quarters, especially because much of the growth recorded between January and March resulted from a rapid build-up of inventories.

Businesses increased their inventories by \$63bn in the first quarter, with \$58.3bn of the stockpiling taking place in the non-farm sector. After 12 months of rapid inventory accumulation, the overhang may dampen growth for the rest of the year.

The Commerce Department said personal consumption spending slowed to a 1.4 per cent annualised rate in the first quarter after growing at a 5.1 per cent pace in the fourth quarter. While spending on services and non-durable goods rose, durable goods purchases fell at a 4.7 rate after

their dramatic 20.4 per cent increase in the fourth quarter of last year.

Business investment, which has been a central component in the expansion of the past two years, remained strong. Producers' investment in durable equipment rose at an annualised pace of 20.8 per cent in the first quarter, after expanding by 18 per cent in 1993 and by 17.6 per cent in 1994.

Mr Brown said this "capital goods boom" was part of the reason why the current growth rate was "sound and sustainable".

External trade, however, continued to represent a drag on US growth. Real net exports of goods and services fell at an annual rate of 0.6 per cent in the first quarter, while imports grew at a 6.9 per cent rate.

In Washington, US Treasury officials refused to comment, beyond repeating the recent statements of Mr Robert Rubin, the Treasury Secretary.

Mr Rubin has insisted that a strong dollar is in the US national interest, and that the Clinton administration has not, is not and will not use the dollar as an instrument of trade policy.

Mr Kamel, in a speech to a private debating club on Wednesday, reported in the Japanese press yesterday, accused the US of encouraging the yen's rise to defend its own companies from Japanese imports. He likened this to the period in US history when "black slaves were brought from Africa and produced wealth".

He said yesterday he had intended his comments to be off the record.

The yen's 20 per cent rise against the US currency this year



First-quarter slowdown, which was widely predicted, is expected to continue into subsequent quarters

Source: Datastream

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Gas supplies resume after Russia pipeline blast

By John Thornhill in Moscow

Russian experts yesterday said they had resumed gas supplies through the pipeline in northern Russia that exploded early on Thursday morning.

The blast, which ripped apart a 44-metre stretch of pipeline near the town of Ukhta, sent a column of fire into the sky. The accident alarmed environmentalists and raised fresh concerns about the state of Russia's industrial infrastructure.

Gazprom, the giant producer which runs the pipeline, yesterday insisted that almost all its pipelines were in an acceptable condition. Gazprom said it ran almost 140,000km of high-pressure pipelines with only 7.8 per cent of the network operating at lower pressure because of technical difficulties.

Last year Gazprom said it lost 57m cubic metres of natural gas in 23 accidents. The losses represent a minute fraction of total production of 600bn cubic metres. According to the company, the

blast at Ukhta resulted in the loss of 4m to 5m cubic metres of gas.

Independent estimates of gas losses in Russia are hard to find but western experts confirm Gazprom has a reasonably good safety record. As the biggest hard currency earner in Russia, Gazprom has been able to install and maintain modern compressing equipment and pipelines.

Company officials say security of gas supply is a critical element in the export industry. A serious rupture in a gas pipeline can be easily detected and the supply quickly turned off. Gazprom says it has been exporting gas to western Europe for 25 years without a serious interruption.

Nevertheless, the company constantly needs huge amounts of capital to upgrade its pipeline network. Last year, with the help of an Italian consortium, Gazprom secured a \$1.6bn loan from 47 western banks to boost exports to Italy by upgrading the gas pipeline from Siberia.

The consortium, headed by Nuovo Pignone, started drawing down the money this year as part of a five-year project to reduce transmission losses and increase deliveries by 5.5bn cubic metres.

Losses are far worse in the oil industry where pipeline operators rarely shut down production for a minor leak.

The Khayaga-Ustinsk pipeline, which ruptured in the Arctic circle last year creating a spill three times larger than that of the Exxon Valdez, had been leaking for many months. Industry experts described the pipeline as resembling a "Swiss cheese".

Mr Alexei Yablokov, chief environmental adviser to President Boris Yeltsin, says oil pipeline leaks are a daily event in Russia. Official estimates suggest as much as 1.3 per cent of the oil going throughout the pipeline system is lost each year although independent experts suggest the figure is much higher.

UK fraud officers will not press for Leeson extradition

By Jimmy Burns, Andrew Fisher, and John Mason in London

Serious Fraud Office investigators in the UK have decided not to contest the attempt by Singaporean authorities to extradite from Germany Mr Nick Leeson, the trader who allegedly caused the collapse of the merchant bank Barings.

A senior SFO investigator said yesterday that Mr Leeson's extradition to Singapore now looked "virtually certain" in view of the 12 charges - including forgery and fraud - which Singapore brought against him this week.

He said the SFO had abandoned any remaining thought of competing with the application for extradition. The SFO has been unable to find evidence that any London-based employee was involved with Mr Leeson in alleged frauds.

German prosecutors yesterday applied for Mr Leeson's detention in a Frankfurt prison to be made

formal. A decision on the application is expected to be announced by the Frankfurt regional court next Tuesday.

Mr Hans-Hermann Eckert, spokesman for the prosecutor's office, said he did not expect the UK to press for Mr Leeson's extradition, especially since Mr Leeson worked in Singapore at the time of his alleged offences.

Mr Leeson will be able to oppose the extradition request in German courts, so the decision - involving the courts and the Bonn government - could take several months. It is thought highly unlikely that he will be granted bail.

The SFO launched its investigation into the Barings case after Mr Leeson's arrest in Frankfurt in early March. But a senior official said it had found no evidence that he did anything fraudulent in the UK.

"The evidence presented by the Singaporeans is pretty strong and we are not in a position to compete against it... certainly not by Tuesday," the SFO official said.

The documents handed to German prosecutors contain 12 charges against Mr Leeson, including forgery of documents and fraud. Under Singaporean law, conviction on a forgery charge carries a maximum prison term of seven years.

Mr Leeson's London solicitor, Mr Stephen Pollard of Kingsley Napley, said he would start examining the documents submitted by the Singapore authorities next week, and would review them with his client.

"We will sit down with Nick, go through the papers and explain how they have got it wrong," he said. Part of Mr Leeson's defence will be to question whether the Singapore legal system can give him a fair trial.

The SFO last night said its inquiries were continuing, but it was in no position to announce an extradition request at the moment.

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The yen's 20 per cent rise against the US currency this year

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MERCURY ASSET MANAGEMENT

BRITAIN'S LEADING INVESTMENT HOUSE

Japan, US talk tough on car trade

By Michio Nakamoto in Tokyo

US and Japanese trade officials exchanged last-minute salvos across the Pacific yesterday, as they prepared for an expected showdown next week on bilateral car talks that could lead to US sanctions against Japan.

Mr Ryutaro Hashimoto, Japan's trade minister, called on the US to drop its request for Japanese car makers to import more cars parts and warned that US inflexibility on the issue would lead to a collapse of the talks.

"If the US keeps sticking to the idea of increased foreign parts procurement by Japanese car makers, I am sorry to say that the auto talks will be doomed to failure," Mr Hashimoto said. "Whether or not the talks will be successful depends solely on Washington's stance on that issue."

In Washington, Mr Mickey Kantor, US trade representative, urged Japan's politicians to show leadership and to persuade Japanese car companies to increase their purchases of foreign-made car parts.

"Whether or not the gap [between the two countries] can be closed depends entirely on the Japanese side," he told



Kantor: Calling for leadership

Nihon Keizai Shimbun, the economic daily.

"The Japanese government should encourage the car industry to draw up a plan for increased foreign parts purchases, based not on force but on leadership."

These comments come as the two men prepare to meet in Canada on Wednesday before the quadrilateral trade ministers' conference in Vancouver. The US has indicated it considers the Kantor-Hashimoto meeting next week as an important juncture in the car talks, in which the two countries have been engaged for almost two years.

In his remarks to the Japanese daily, Mr Kantor warned that the US "cannot wait forever. If we cannot reach an agreement, we will have to consider other options." The US has indicated it is preparing a list of possible targets for trade sanctions.

The US sees a plan by Japanese car makers to increase their purchases of foreign parts as crucial to successful car talks. It is also calling for greater access by foreign car makers to Japanese dealerships and for deregulation in the car parts aftermarket.

The Japanese government, however, has rejected US calls and is preparing to take the matter to the World Trade Organisation if the US announces sanctions.

● The US is pushing Japan to deregulate further its wood market and introduce further tariff cuts on wood imports. The US trade representative placed Japanese wood products on a "watch list" last October for possible retaliation under the super 301 trade law. The US already has about 25 per cent of the Japanese wood products market but is looking for further deregulation of building and wood product standards, and for reduced domestic subsidies.

Court blow for ethanol makers

By George Graham in Washington

A federal appeals court yesterday dealt a heavy blow to the US Environmental Protection Agency and to the politically influential agricultural lobby when it threw out a rule requiring oil refiners to include ethanol in new fuel designed to burn more cleanly.

The rule requires reformulated petrol containing an oxygenate to reduce pollution to be sold in cities where smog is a big problem, and orders that at least 30 per cent of the oxy-

genate be derived from ethanol, which is produced from maize.

But three appeals court judges in Washington yesterday said that EPA had overstepped its authority when it required the inclusion of ethanol. Their ruling said the EPA had the power to set standards for the pollution performance of reformulated petrol, but not to dictate how those standards were met.

The case was brought by the American Petroleum Institute and the National Petroleum Refiners Association, whose oil

industry members would, if left to their own devices, mostly prefer to use a petroleum-derived oxygenate called methyl tertiary butyl ether, or MTBE.

Oil industry lawyers described the rule as "a massive promotion of the ethanol industry". The EPA argued, however, that the inclusion of ethanol was a legitimate way of shifting US consumption away from fossil fuels and towards a renewable energy source.

The original requirement to use ethanol was the result of

intensive lobbying from the farmers and agribusiness interests, which stood to benefit most from the creation of a new market. Archer Daniels Midland, the agricultural conglomerate which produces more than two thirds of all US ethanol, is one of the most politically active companies in the US, and a generous contributor to both Democratic and Republican party funds.

President Bill Clinton last year welcomed the EPA rule, which he claimed it could boost demand for maize by 250m bushels a year.

The reformulated petrol programme springs from the 1990 Clean Air Act, which requires that the petrol sold in the most polluted cities should by 1995 contain a smog-reducing renewable oxygenate.

But according to a preponderance of scientific reports it is debatable whether ethanol in fact actually helps reduce pollution.

Although ethanol does improve the combustion of petrol, and thus reduces carbon monoxide emissions, it can also make petrol evaporate faster.

Why intervention by central banks failed to save the dollar

Philip Gawith on the factors behind the plight of the US currency

A year ago today, the US Federal Reserve intervened in the foreign exchange markets to support the dollar. The US currency was trading around DM1.65 and ¥102 at the time, down from highs of DM1.77 and ¥113 earlier in the year.

Since then the Fed has intervened a further seven times in support of the dollar, often assisted by other central banks. None of this has prevented it sinking to new lows of ¥79.75 and DM1.3450 in recent weeks.

Central banks would be hard pressed if they tried to provide a more eloquent testimony to the limits of governmental power at the hands of market forces. Their efforts at intervention - where central banks buy or sell currencies in order to change the market price - have been so ineffectual as to give this key monetary policy tool a bad name.

It has not always been this way. The Plaza Accord of September 1985, for example, where central banks agreed to drive an overvalued dollar lower, was very successful. It was certainly an important factor in the dollar being worth 25 per cent less in January 1986 than it had been a year earlier.

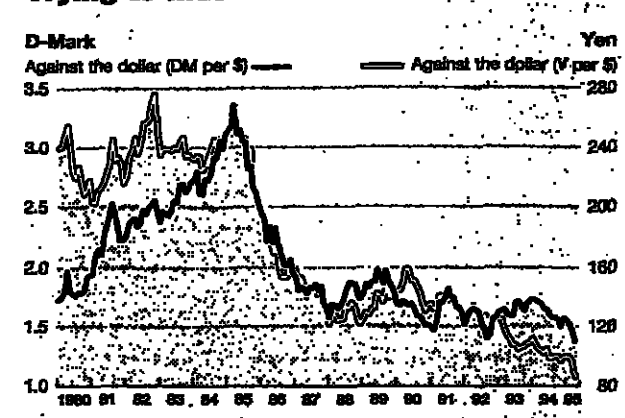
Figures released this week by the Bundesbank also show intervention in a more positive light. The Bundesbank annual report shows that European central banks spent around DM40bn, or \$28.2bn, supporting their currencies against a rampant D-Mark in the first quarter of this year.

Most of these currencies have subsequently strengthened after bottoming out in the first week of March. Some of this can be attributed to intervention, although emergency rate rises, in countries such as France and Belgium, also played a part, as did the Bundesbank's surprise decision to cut interest rates at the end of March.

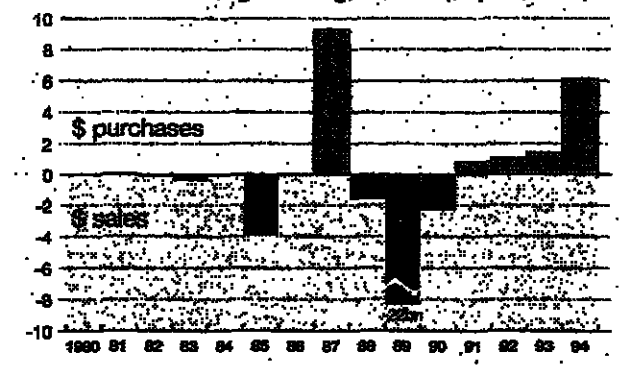
It is the slump in the dollar, however, that has attracted most attention over the past year. Exactly how much has been spent supporting it is difficult to ascertain.

First-quarter figures for the US are not available, but Fed figures indicate that it spent

Trying to move the market



US intervention in foreign exchange markets (\$bn)



\$6.11bn supporting the dollar last year.

More impressive, though, have been the efforts of the Bank of Japan. In 1994 the BOJ's reserves increased by \$27.3bn, and since the beginning of 1995, the BOJ's holdings of gold and currency reserves have risen by an estimated \$18bn.

Newspaper reports in Japan in the last week, quoting sources in the Bank and not denied by BOJ officials, say that between April 1 and 21 the total value of intervention was \$7bn.

A study by two US academics, Kathryn Dominguez and Jeffrey Frankel, shows that intervention is not destined to fail. Looking at intervention conducted by the Fed and Bundesbank, they found that in 10 out of 11 episodes, between 1985 and 1991, the central banks were successful in moving the exchange rate in the direction they desired.

They note, however, that for intervention to have the best chance of success, it should be used sparingly and with an element of surprise. If it works against economic fundamentals, it has a negligible chance of success.

Measured against this framework, some of the lack of success in turning the dollar around can be understood. Intervention by the Bank of Japan has been so frequent as to be thoroughly discounted. "It is a case of crying wolf too often," says Ms Dominguez, an associate professor at Harvard University. "Nobody pays any attention to their operations any more."

Many analysts also argue that structural weaknesses in the US economy, particularly its large current account deficit, require a weaker dollar. According to this view, intervention will inevitably fail because it runs contrary to the

economic fundamentals.

Not all observers are convinced that this is the reason why intervention has failed. Ms Dominguez believes that it is more a credibility problem. In the mid-1980s, the US, Japan and Germany were all agreed about the direction in which the dollar should go. "Now they don't have a consensus among the countries, or even within them, about what to do."

Verbal fencing this week between Mr Larry Summers, the US Treasury under secretary, and Mr Theo Waigel, the German finance minister, about Germany's lack of co-operation, will only have confirmed market fears.

There is also considerable scepticism about whether the weak dollar bothers the US administration, so long as US asset markets remain stable. The Dow Jones industrial average closed at a record high on Thursday, and treasuries have also rallied, with the yield on the 30 year bond falling from a high of around 8.2 per cent to 7.35 per cent.

The Bundesbank has also given the appearance of being less than fully committed to intervention. There have been numerous references by German politicians and bankers to the US needing to get its economic house in order if it wants the dollar to recover.

Another factor is the psychology of the markets. Mr Roger Bootle, chief economist at HSBC markets in London, reckons that the explosion of capital flows over the past 10 years has fundamentally reversed market psychology. Central bank reserves are now minuscule compared to foreign exchange flows. Whereas markets were previously inclined to follow the central banks, the starting assumption now is that intervention is unsustainable, and hence should be opposed.

Despite these factors, there is widespread agreement that if leading central banks want the dollar to go higher, they have the means to achieve it. The simple conclusion is that they do not want it badly enough - yet. Additional reporting by Gerard Baker in Tokyo

Pakistan, Philippines to combat terrorism

By Edward Luca in Manila

The Philippine government has signed an agreement with Pakistan to share intelligence so as to combat growing Islamic terrorism in both countries, Mr Rafael Alunan, Philippine interior secretary, told the Financial Times yesterday.

The two governments are to exchange information on the movement of suspected terrorists and on arms smuggling routes from central Asia to the Philippines, said Mr Alunan. Police and intelligence officials would also have the right to question suspected terrorists in each other's countries.

The Philippine government says it has evidence that the extremist Abu Sayyaf group - which wants an Islamic state in the south of the Philippines and was responsible for an attack on a town there this month, resulting in 53 deaths - trains members in Pakistan and obtains arms from extremist groups in the region.

"We have information that arms are smuggled from Afghanistan through Pakistan to the southern Philippines, via the state of Sabah [in Malaysia] and Indonesia," said Mr Alunan. "These include surface-to-air missiles, 80mm mortars, hand-held rocket launchers and M-16 rifles which are smuggled through our porous borders in the south."

The secretary is in charge of Manila's attempt to suppress Islamic terrorism in the south. He admitted yesterday that the Philippine government had been unable to break up the Moro Islamic Liberation Front, had recently strengthened troop numbers to an "alarming" degree.

"The collective rebel combat forces probably amount to about 30,000 in Mindanao [the second largest Philippine island]. This number would quickly [expand] in a war, if you include Muslim militia groups," Mr Alunan said. The Philippine government had estimated MILF forces at about 6,000.

Mr Alunan said government forces had seized documents from the rebels indicating that the Abu Sayyaf and other extremist forces were planning further military raids on Christian towns in the south, after the raid on the town of Ipil three weeks ago.

Talks on peace and autonomy with the secular Moro National Liberation Front, which signed a ceasefire pact with Manila two years ago, would go ahead in the Indonesian capital Jakarta in June, said Mr Alunan. Evidence that some of the 12,000-strong MNLF forces had broken away from their moderate leader to join Islamic forces in Mindanao could put a question mark over the talks, he added.

INTERNATIONAL NEWS DIGEST

Korean blast kills 100

A gas blast yesterday killed at least 100 people, more than half of them schoolchildren, at Taegu, South Korea's third largest city. The explosion, caused by a leaking gas main at a subway construction site, hurled cars, trucks and buses into the air and scattered thousands of steel plates being used as a temporary road surface through the air in a lethal hail.

A spokesman for an anti-disaster squad at Taegu, about 240km south of Seoul, said 101 people were dead and about 200 injured, making it one of South Korea's worst peacetime disasters. It was the country's second fatal gas explosion in less than five months. *Reuters, Taegu*

Austria joins Schengen group

Austria became the tenth member of the border-free Schengen group of European Union countries yesterday, a month after the accord came fully into effect among seven of the other nine members. But Mr Caspar Rinn, Austrian interior minister, warned it would take two years for his country to implement the accord fully.

Belgium, the Netherlands, Luxembourg, France, Germany, Spain, and Portugal have signed and implemented the Schengen accord, which came into effect on March 26. Italy and Greece have signed, but not yet implemented, the agreement.

Denmark has observer status, and negotiations will open shortly with new EU members Sweden and Finland. Under the accord, there should be no border controls between Schengen members. It also provides for a common, shared police information system and for the right of police to pursue a fugitive into a neighbouring group member state. *Reuters, Brussels*

German insider trading probe

German prosecutors have started investigating the first two cases of suspected insider trading under a new law, but declined to name the companies involved. They are acting partly on information from the new, Frankfurt-based Federal Supervisory Office for Securities Trading.

The prosecutors' office and the regulatory body would not comment on reports that the companies involved are Klockner-Humboldt-Deutz, an engineering company, and PWA, a papermaker recently acquired by Sweden's SCA. In February, an official of the supervisory office said it would look into KHD share dealings to see whether a fall in the price before the announcement of a refinancing package had been caused by insider activity.

The prosecutor's office said the companies involved did not yet know they were under investigation. Insider dealing can be punished with imprisonment of up to five years. *Andrew Fisher, Frankfurt*

Cathay Pacific in short accord

Cathay Pacific, Hong Kong's international carrier, and China Airlines (CAL), Taiwan's international airline, have failed to renew a five-year commercial agreement covering air services in Hong Kong and Taiwan for the first time in 20 years. Instead, the two airlines have settled for a six-month extension of the accord. Cathay said both airlines believe the agreement should be renewed for the full five years but, a number of issues being unresolved, they had agreed to an initial six-month extension to avoid disruption of services.

A five-year agreement would straddle 1997, during which Hong Kong is to revert to Chinese sovereignty. Taiwan is regarded by China as a part of its territory, so the lucrative Hong Kong-Taiwan route would then be seen as an internal flight. Beijing reserves the right to approve any deal Cathay signs with the Taiwanese. *Louise Lucas, Hong Kong*

OPIC to back investment fund

The US will provide financial backing for a \$250m (\$154.3m) investment fund for the Middle East and North Africa, Mr Christopher Finn, vice-president of the Overseas Private Investment Corporation, a US public agency, said yesterday. The funds will be raised from the US private sector and guaranteed by OPIC, which promotes private sector investment. The new investment fund, to be managed by Mitchell Hutchins Institutional Investors private equity group, will channel investments into the telecommunications, tourism, real estate, consumer products and pharmaceutical private sectors in Morocco, Egypt, Jordan, Tunisia and Gaza and Jericho. *Roula Khalaf, Casablanca*

Australian coal to cost more

Australia's thermal coal suppliers have agreed a 16.8 per cent price increase to US\$40.30 per tonne with Japanese power industry buyers for the year from April 1. This is the first rise for five years, and follows a 12.4 per cent price increase for coking coal negotiated between the Australian producers and their Japanese customers earlier in the month.

Shell Australia said the rise reflected a tightening supply situation and the need to improve the financial performance of the Australian coal producers. Coal is Australia's largest single export, and Japan is its biggest customer. This year's negotiations have been long and tough - with pressure on the suppliers' side from government officials concerned about Australia's current account problems, and the mining unions. *Nikki Tail, Sydney*

Italian town council dissolved

The Italian government yesterday used for the first time in northern Italy its special powers to dissolve local councils infiltrated by the mafia. The town council was that of Bardonecchia, where an investigation by Turin magistrates discovered the use of illicit money from the Sicilian and Calabrian mafias in a big mountain resort development. The power to dissolve local councils was introduced in 1991 to combat organised crime. It has been used against about 90 councils in southern Italy. *Robert Graham, Rome*

N Korea fiesta to reassure world

By John Burton in Pyongyang

North Korea yesterday began a three-day international festival designed to persuade a sceptical world of its political and economic stability.

In a rare opening of one of the world's most isolated societies, North Korea has allowed an estimated 15,000 foreigners, mostly overseas ethnic Koreans, to attend the sports and culture event, which mainly features US and Japanese professional wrestlers and an appearance by Mr Muhammad Ali, the former heavyweight boxing champion.

The unusual access for for-

eigners is meant to convince outsiders that Mr Kim Jong-il is firmly in control following the death of his father, Mr Kim Il-sung, last July.

Pyongyang also wants to refute reports that the economy is heading for collapse while the population is suffering from food shortages. North Korea hopes the picture of social stability will persuade foreign companies to invest in the free trade zone it is establishing near the ports of Rajin and Sombong in the remote north-east corner of the country, said Mr Kim Mun-sang, chairman of the Korea Committee for Promotion of

External Co-operation.

Foreign companies, mostly European and overseas Korean, have already promised to invest \$200m (£123m) in the Rajin-Sombong zone, of which \$40m has been committed, according to Mr Kim.

They include two joint venture merchant banks recently established by the Dutch bank ING and the Peregrine financial group of Hong Kong to finance investment projects.

An obstacle, however, has been North Korea's refusal to repay an estimated \$1.6bn in interest and principal on western bank loans it received in the 1970s. Mr Kim gave little

encouragement that the debt would be honoured. "It is a morally negative thing for business people to make bad rumours and big noises about a few pennies of debt in this country."

He suggested the debt was the price to be paid for the cyclical nature of the capitalist system. "If you lose this time, you may gain next time."

Moreover, Mr Kim indicated that North Korea did not intend extensive economic reforms to its *juche* (self-reliance) system to accommodate foreign investors. "What we want is economic co-operation, but not economic begging."

The irony of Vietnam, 20 years on

By Kieran Cooke in Ho Chi Minh City

Vietnam was the first televised war in history. Now the US media are back here again in force, recording the 20th anniversary of the fall of Saigon, now called Ho Chi Minh City, and the most crushing defeat ever inflicted on the US armed forces.

There is talk of history being recreated, with helicopters landing again on the roof of the old US embassy building. "Does Vietnam feel haunted by the memory of the war?" a US TV reporter asks a Vietnamese official. The official, all smiles and courtesy, looks the most un haunted person orbiting Vietnamese pride at this weekend's events. This impoverished nation of 72m rose to defeat the strongest military machine the world had ever seen. Millions died in the process.

But there is no anger at the US, very little sign of anguish as past events are recalled. With nearly half the population under 19 years of age, there are many who have no recollection of the war.

Mr Ly Van Sau is in his 60s, a small, gentle man with impeccable manners. Mr Sau was a spokesman for the National Liberation Front through

What millions of tons of US bombs failed to achieve has come about through more peaceful means... Anyone who wants to see capitalism in its most raw form need look no further than the streets of Ho Chi Minh City.

much of the war. "You have no idea of how very proud we felt about the way we captured Saigon. There was little fighting in the city, no damage to buildings. Three million people died for that moment 20 years ago."

While many Vietnamese leaders are

expected to attend a military parade tomorrow the atmosphere is more of a carnival than a solemn official occasion.

The authorities are using the anniversary to stress the importance of reconciling the differences between north and south Vietnam. There is even a horse race at the Saigon race track to

celebrate the event: the reconciliation stakes offers a \$30,000 (£18,500) prize. The US may be caught up in a fit of angst about its years in Indochina. Ironically what millions of tons of American bombs failed to achieve has come about through more peaceful means.

20th April 1995

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Troublesome US coal side recovering but no suitor in sight Costain dives to £180m loss

By Andrew Taylor,
Construction Correspondent

Hopes of a suitor emerging for Costain receded yesterday as the construction, engineering and mining group announced a pre-tax loss of £180.4m for 1994. Mr Peter Costain, chief executive, said talks with companies interested in purchasing or forming a joint venture with the profitable construction division had ceased.

The deficit was struck after write-downs and provisions of £141.6m against the remaining US coal operations which incurred a £40.4m (£7.4m) operating loss. In 1993 Costain reported a pre-tax profit of £67.1m following a £68.5m gain on disposal of its Australian coal mining business.

Losses per share were 36p, against earnings of 18.8p. The share price fell 14p to equal its record low of 124p.

The group plans to restructure and consolidate its share capital, "including the elimination of a deficit on distributable reserves caused by successive write-downs to clear the



Peter Costain: group intends to concentrate on core activities

decks for future dividend payments.

Shareholders funds have been written down by £125m to £100m, equivalent to 19.4p a share.

Mr Costain said the remaining US coal businesses had been substantially reorganised, including purchasing new equipment and cutting jobs.

Geological problems in Kentucky also meant that the group removed insufficient coal last year to meet contract demands.

It subsequently opened new coal faces and productivity has improved: the division made a profit in February, March and April of this year.

"The remaining US busi-

nesses are now in good enough shape to be sold provided a buyer can be found," said Mr Costain. He added that attempts to attract a partner for the construction division had foundered because of the previous state of the US coal businesses.

The group intends in future to concentrate on its core construction and engineering business. This reported operating profits of £9.7m (£14.7m) on turnover of £702.3m (£808.1m).

The outcome was boosted by a £5m write-back of a £30m provision previously struck against Channel tunnel contracts. The move follows the release this month of performance bonds held against the contract. The construction order book at the end of March was £508m.

Net debt, following the sale earlier this year to Philipp Holzmann of part of the US coal operation, stood at £51m, compared with £82m at the end of 1993. Turnover last year fell from £1.14bn to £974.2m.

See Lex

Anxiety as agencies await BA decision

By Diane Summers,
Marketing Correspondent

The New Saatchi advertising agency, closely followed by Bartle Bogle Hegarty, were last night industry favourites to win the £60m global British Airways account.

The four agencies involved in pitching for the business - the two other contestants are J Walter Thompson, and Saatchi & Saatchi, which has held the account until now - looked as though they would be left in a state of acute anxiety over the weekend. BA said it would be at least Monday before it announced the outcome of the high-profile contest.

The agencies earlier this week completed their two-stage presentations to Sir Colin Marshall, BA chairman, and other senior executives. Mr Bill Murrell, formerly head of Saatchi & Saatchi in North America, and now associated with the breakaway New Saatchi agency, was said to be refusing to shave until the result was known. He has also been seen sporting a T-shirt declaring "Failure is not an option".

Over at BBH, in similar vein, a networked message on computer screens boldly declares the agency will win. The agency, which lacks its own international network, could provide BA with creative ideas, while getting Saatchi & Saatchi to continue providing logistical support.

The pitches themselves were said to have been deadly serious, with each agency going to enormous lengths to impress BA. JWT was rumoured to have dressed staff in "ground control" T-shirts and redecorated part of its offices in red, white and blue.

New Saatchi had temporarily to construct a conference room in new offices it is due to move into in June. The agency is generally agreed to have done better than the others on providing BA with documentation. Each executive left the presentation with a CD-Rom, rather than a thick wad of papers.

Littlechild keeps options open on power review

Professor Stephen Littlechild, the power industry regulator, has left his options wide open in the forthcoming regulatory review following his latest communication to regional power companies.

A letter to executives gives few clues as to his thinking. Analysts say one-off rebates, significant cuts in distribution price caps or a combination of both remain under consideration.

Richards trebles to £276,000

A return of confidence to the engineering sector helped Richards Group treble pre-tax profits from £95,000 to £276,000 in 1994.

Turnover rose 35 per cent to £17.2m (£12.8m), with Richards Engineering improving sales by 27 per cent and Steel Support Systems by 30 per cent. Exports increased 32 per cent.

Directors said that the Landfill tax, proposed in the last Budget, had led to an increase in enquiries from the foundry industry about its thermal reclamation technology. As a result the company was seeking opportunities to broaden the market for Richards Engineering's products.

Earnings per share doubled to 2.88p (1.43p) while the final dividend is unchanged at 1.25p, maintaining a 2.25p total.

Frogmore purchase

Frogmore Estates has acquired White Druce & Brown, the consultant surveyors, from Charnelham for an initial £40,000, payable in shares and cash.

On completion, Mr Paul White, who owns 50 per cent of Charnelham, will join Frogmore as managing director.

Sweater Shop

The Sweater Shop, the specialist maker and retailer of knitwear and leisure wear, has been bought by a management team in a deal arranged by Morgan Grenfell Development Capital.

The team is led by Mr Mark Riches, who joins Sweater Shop as managing director.

Morgan Grenfell and NatWest Markets, Acquisition Finance have respectively

No foregone conclusion

David Blackwell on why Gehe's bid for AAH may succeed

Gehe, the German pharmaceuticals wholesaler, this week moved closer to victory in its hostile bid for AAH, buying a further 3.45m shares to take its stake from 26 to almost 30 per cent. The increase followed purchases on Thursday from two institutional shareholders, Threadneedle Asset Management and Newton Investment Management. Gehe now holds the maximum number of shares possible under the Takeover Code ahead of the close next Tuesday of its 445p a share offer. It also has acceptances for just more than another 2 per cent.

However, the result is by no means a foregone conclusion, mainly because many observers have some sympathy with the consistent defence argument that Gehe's offer undervalues AAH. The UK group has fought on grounds of value, rather than on independence, since the offer was launched on February 27.

No-one disputes that the initial offer of 420p was extremely well timed. Earlier in February AAH had issued a second profit warning following a downturn in trading at its environmental services division, which provides waste management services and rents out vehicles to local authorities. The warning knocked the shares back to 282p.

Gehe, which has a market value of £33.5m (£15.5m), is intent on establishing at a stroke a large presence in

pharmaceuticals wholesaling in both the UK and Ireland. AAH has about 30 per cent of both markets, as well as a chain of 300 UK pharmacies.

The German group, which moved into the French market through a takeover in 1993, consistently described the initial offer as "generous". Nevertheless, at the beginning of this month it raised the offer to 445p, valuing its target at £400m.

AAH snuffed at the "mere 25p increase", reiterating its description of the revised offer as inadequate and opportunistic, and urging shareholders to reject it.

Analysts yesterday said that an offer of 470p would have left Gehe home and dry on Tuesday. As things stand, the German group will probably get there - but a closing share price of 435p for AAH yesterday suggested a slight fear that it might fail.

The war of words has reached stalemate. Gehe yesterday maintained that it was offering a good premium, representing a multiple of 21 times estimated earnings for the year to March 31 of 21.5p.

The voice of Mr John Padovan, AAH chairman, could be heard on a freephone service urging shareholders not to give up a powerful market position in UK



John Padovan: urged holders not to sell too cheaply

pharmaceuticals too cheaply. The final outcome will depend to some extent on the direction taken by the two largest institutional shareholders - PPFM with 17.2 per cent and Schroders with 7 per cent.

This week's sales by Threadneedle, which still has 3.35 per cent, and Newton, with a further 2.03 per cent, suggest that they will both get out completely next week.

In the absence of a white knight, and given the lacklustre track record of AAH recently, it looks as though many smaller shareholders will take the cash.

Switch from R&D behind reduced deficit at Anagen

By Motoko Rich

Sales of Anagen's first product, Auraflex, an automated immunoassay system that detects various deficiencies in blood samples, helped reduce the pre-tax deficit for 1994.

The diagnostic equipment company's losses fell from £40.3m to £3.98m. Overall turnover dropped from £1.73m to £759,000 as there were no milestone payments from Organon Teknika, the Akzo Nobel subsidiary that will manufacture and distribute the product.

Organon is expected to pay Anagen £500,000 this year once it receives approval from the US Food and Drug Administration for a total of 15 assays to be used in the system. The company already has approval for 10 assays.

Sales of the product rose from £231,000 to £759,000. Overheads fell from £5.37m to £4.28m as the company reduced its research and development spending and began to focus on manufacturing.

Mr Mervyn Sennett, chief executive, said overheads

would continue to fall in the current year. To date, he said, the company had spent £23m in developing Auraflex, £3.5m of which had been spent this year.

The company, which raised £14.3m from its flotation in 1993, has £4.4m cash remaining. Mr Sennett said he believed that sum would take the company through to positive cash flow, expected in 1996.

Losses per share were reduced from 11p to 8.6p. The shares eased 4p to 49p.

Buckingham in receivership

By Motoko Rich

Buckingham International, the hotels group with debt of more than £70m, has called in administrative receiver Arthur Andersen because of cash flow problems.

The shares were suspended at 4p yesterday pending clarification of the company's financial position. The move comes two days before the company's extended financing programme was scheduled to expire. A banking

syndicate, led by ANZ, was providing the finance and ANZ was asked to appoint the receiver late Thursday night.

Arthur Andersen said yesterday it would continue to run the activities of the company until plans were made to sell the businesses.

Buckingham ran into financial problems about three years ago when its debt levels became unmanageable and the hotel market became difficult. Last month Purities Investments, a private Jersey-regis-

tered company owned by a trust of which Mr Nordin and Mr Nick Jivraj, non-executive directors of Buckingham, and their families are discretionary beneficiaries, made a conditional offer for the balance of shares not already held by the families.

Purities and Naaz Holdings, also a private company owned by the Jivrajs, already hold up to 60 per cent of Buckingham's ordinary shares and 52 per cent of the loan stock and subscription shares.

Acquisitions help Reuters' revenue rise

By Geoff Dyer

Acquisitions helped Reuters Holdings, the financial information and news group, to increase revenues by 22 per cent in the first quarter of 1995.

However, the shares fell 11 1/2p to 472 1/2p after Mr Peter Job, chief executive, said that revenue growth would slow in the second quarter. Revenues increased from £513m to £528m, with currency movements having no impact. Reuters did not provide profit figures with the statement.

Acquisitions, including Quotron, the US data services business, and Tektronix, a software supplier, which were completed in March last year, contributed sales of £32m. Excluding acquisitions, revenue was 16 per cent ahead.

Despite the problems that investment banks have experienced due to weak bond markets last year, the company said that US revenue growth had been good. Business in eastern Europe had been growing rapidly, but the French and Benelux markets had been weak.

The problems in the Venezuelan banking industry had affected revenue in Latin America but there had been little impact from the Mexican financial crisis. Revenue in the Americas, excluding acquisitions, was 10 per cent higher.

Sales at Instinet, the US-based equity brokerage service, rose 18 per cent to £53m (£45m).

Mr Job had already warned in February, when the 1994 results were published, that revenue growth would slow this year after an "exceptional" year in 1994 when sales rose 23 per cent.

Advertising lift boosts Grampian TV

Cost cutting and increased advertising revenue contributed to a 16 per cent advance in annual pre-tax profits at Grampian Television.

Shares in the television contractor for the north of Scotland rose 10p to 200p. The result for the year to February 28 was after taking account of Grampian's share of losses at the recently launched Scot FM radio station, which amounted to £425,000 post-tax. The Glenburnie Properties subsidiary reported post-tax profits of £287,000 (£285,000).

Turnover improved 4 per cent to £21.3m (£20.5m) helped by a 4 per cent rise in advertising revenue. Earnings per share were 21.7p (18.7p) and a proposed final dividend of 7p makes a total for the year of 9p (7.5p).

Queens Moat clears further hurdle on road to recovery

By Christopher Price

Queens Moat Houses, the hotel group which has been teetering on the edge of bankruptcy for two years, yesterday cleared another hurdle in its return to health when shareholders overwhelmingly approved a £1.3bn restructuring.

Mr Stanley Metcalfe, chairman, told an extraordinary meeting that the endorsement would enable the new management to continue the rebuilding process. He added that recovery in the UK hotel business was continuing strongly, but that the rest of Europe remained "patchy".

About 250 shareholders attended the hour-long meeting at London's Barbican Centre. Several questioned the proposals, although the overall tone of the meeting was muted following Mr Metcalfe's warning that the likely alternative to the restructuring was receivership. The plan was approved by bondholders on Thursday.

There was some criticism of the dilution of shareholders' holdings and the £55m costs of the refinancing.

There was also adverse comment about the salary packages awarded to the directors, in particular Mr Andrew Cop-

pel, chief executive. He is to be paid bonuses totalling £200,000 following the approval of the financial restructuring and the relisting of the shares on May 18.

However, Mr Metcalfe praised the performance of Mr Coppel and the two other executive directors. "In my 40 years in industry, I have never seen such hard-working executives as these three."

Replying to whether the company intended to seek further funding in the near future, Mr Metcalfe said: "There are no plans for a rights issue or any other sort of second restructuring."

Boots Chemists appointment

By Neil Buckley

Boots has appointed Mr Steve Russell, who for three years has worked on turning round its Do It All DIY joint venture with WH Smith, as managing director of its biggest division, the 1,200 store Boots The Chemists chain.

Mr Russell succeeds Mr Gordon Hourston, who retires on August 1. He will join Boots' main board along with Mr Brian Whalan, managing director of Halfords, the motor accessories business, since 1990.

Mr Russell, 50, joined Boots in 1967 as a buyer and progressed through advertising and mar-

chandising roles to director of merchandise before moving to Do It All.

The appointment led to several other management changes. Mr Russell is succeeded at Do It All by Mr Ken Piggett, currently managing director of the 50-store Childrens World chain. Mr Piggett in turn will be replaced by Ms Beverly Hodson, currently Boots The Chemists' general manager, gift and photo business.

Mr Bertie Pinchera, for five years managing director of Boots Opticians, is moving to a head office role looking into international expansion, to be succeeded by Mr Martin Bryant, group corporate development director since 1990.

James Dickie expands via £1.7m purchase

By Gary Evans

James Dickie, the engineered components maker, yesterday announced the £1.7m purchase of Belcot, a UK manufacturer of press tools and metal presswork, together with a £1.5m placing and open offer.

Belcot makes components serving the automotive and white goods industries. Consideration is payable by the issue of 850,000 new shares to the vendors, and is subject to a reduction should Belcot's pre-tax profits fall short of £475,000 for the year to August 31 1996.

In calendar 1994, Belcot incurred a £458,000 loss. Mr Joe Grimmond, Dickie's chairman, said the acquisition "widens our customer base and puts us in a strong position to benefit from the strong growth anticipated in UK automotive manufacturing".

In order to provide additional working capital, Dickie is making a placing and open offer of up to 1.15m new ordinary shares at 200p each. The shares rose 13p to 230p yesterday.

(£294,000 profit) after substantial losses on two large contracts. However, a number of new controls have been instituted to prevent a recurrence of the problems.

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Halifax sells arts auctioneer to Phillips

Henry Spencer & Sons, a fine arts auctioneer and valuer, has been sold by Halifax Building Society for an undisclosed sum. The business has been bought by Phillips, the international auctioneers and valuers.

Halifax purchased the business in 1986 when it took over what became the Halifax Estate Agencies division. However, Halifax said the business did not fit in with its long-term plans of its residential homes sales subsidiary.

Phillips said that the Nottingham-based group filled a gap in its Midlands auctioneering coverage.

Yorklyde placing for £2.7m buy

Yorklyde, the clothes, scarves and rugs maker, is raising £2.2m in a placing and open offer to fund the acquisition of the £2.65m cash acquisition of Premier Fabrics, writes Jean Marshall.

It is issuing 1.1m new ordinary shares at 245p each, which are being placed conditionally by Close Brothers with institutional investors. The offer to shareholders is on a 1-for-9 basis.

Premier, a wholly owned subsidiary of Dawson International, is a specialist weaver of fabrics for the clothing, contract furnishings and transport markets, and operates from two sites in Scotland. In the year to April 1 1995 it incurred pre-tax losses of £749,000.

The consideration is based on the value of net assets being acquired and Yorklyde will fund the balance from its existing cash resources.

Yorklyde also announced a 37 per cent rise in pre-tax profits to £2.95m to £4.08m in the year to January 31. Turnover was £19m (£15.4m).

The company said the growth reflected the benefits of its capital investment programme and "an exceptional level of profitability on the sale of cashmere products".

Earnings were 27.5p (20.6p) and a final dividend of 4.85p lifts the total to 7.25p (6p).

RESULTS

| | Turnover (£m) | Pre-tax profit (£m) | EPS (p) | Current dividend (p) | Date of payment | Dividends corresponding dividend | Total for year | Total last year |
|---------------------|------------------|---------------------|-----------------|----------------------|-----------------|----------------------------------|----------------|-----------------|
| Amgen | Yr to Dec 31 | 0.739 (1.73) | 3.98L (4.05L) | 8.8 (11) | - | - | - | - |
| Benchmark | 6 mths to Dec 31 | 1.85 (5.28) | 0.608L (1.24) | 4.21L (7.41) | - | - | - | - |
| Comet | 6 mths to Dec 31 | 2.32 (2.06) | 0.061 (0.023) | 0.07 (0.04) | - | - | - | - |
| Crestline | Yr to Feb 28 | 974.2 (1.43) | 180.4L (87.19) | 36 (18.9) | - | - | - | - |
| Grampian Television | Yr to Feb 28 | 21.3 (20.5) | 4.4 (3.8) | 21.7 (18.7) | 7 | June 29 | 6 | 9 |
| Grampian Television | Yr to Feb 28 | 0.01 (0.02) | 0.03L (0.18) | 0.37L (2.48) | - | - | - | - |
| Anglopharm | 6 mths to Dec 31 | 0.106 (0.422) | 0.182L (0.125L) | 1.92L (0.87L) | - | - | - | - |
| Lendit | 6 mths to Dec 31 | 11.3 (17.4) | 0.182L (0.257L) | 2.2L (2.8L) | - | - | - | - |
| Reckitt | Yr to Dec 31 | 14.2 (12.8) | 0.276 (0.255) | 2.28 (1.42) | 1.25 | June 15 | 1.25 | 2.25 |
| Richards | Yr to Dec 31 | 2.4 (5.23) | 1.85L (0.12) | 2.13L (0.2) | - | - | - | - |
| Stones | Yr to Dec 31 | - | - | - | - | - | - | - |
| Investment Trusts | | | | | | | | |
| Abstract Emerging | 6 mths to Mar 31 | 74.81 (94.08) | 0.086L (0.181) | 0.13 (0.36) | - | - | - | - |
| British Assets | 6 mths to Mar 31 | 101.1 (106) | 7.8 (6.89) | 2.38 (1.8) | 1.095L | July 7 | 1.09 | - |
| British Assets | 20 wks to Feb 28 | 90.08 (-) | 0.115 (-) | 0.31 (-) | - | - | - | - |
| Football Spec Val | Yr to Feb 28 | 50.18 (68.09) | 0.041 (1.01) | 0.25 (0.14) | 3.95L | May 31 | 3.95 | 6.8 |
| Jave | 6 mths to Dec 31 | 0.76 (0.29) | 0.102L (0.16) | 0.21 (0.4) | 0.2 | June 18 | 0.2 | - |
| Reckitt | Yr to Feb 28 | 12.94 (13.13) | 0.565L (0.509L) | 11.32L (10.18) | - | - | - | - |
| Schneider Korea | Yr to Feb 28 | - | - | - | - | - | - | - |

Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. US\$M stock. Second quarterly, making 2.19p to date.

Excluding special. *US currency. *£100 currency.

INTERNATIONAL COMPANIES AND FINANCE

Spain prepares for Telefonica sale

By Tom Burns
in Madrid

The Spanish government said yesterday it would sell 12 per cent of its equity in Telefonica by the end of this year, in a move that will reduce state ownership of the national telecommunications operator to 20 per cent.

Mr Alfredo Pérez Rubalcaba, the government spokesman, said the disposal, which is likely to raise some Ptas180bn (\$1.4bn) at current market prices, would help create "solid Spanish industrial groups capable of competing in the international markets".

Telefonica will have to carefully time the disposal in view of other planned privatisations by European telecommunications groups.

In addition to the partial privatisation of Portugal Telecom, Stet, Italy's telecommunications holding company, is due to tap investors later this year. France Telecom could follow the same route after the French presidential elections, and a global offering by Deutsche Telekom will take place next year.

Details of the Spanish sale were not disclosed, but it is likely to take the form of a global offering with an inter-

Price range set for Portugal Telecom offering

Portugal has set a price range of Es2,500 to Es3,100 a share for the privatisation of 26.3 per cent of Portugal Telecom, to be made in a global offer in May. The median reference price values the company at Es632bn (\$3.6bn), writes Peter Wise in Lisbon.

Bankers involved in the placement said the pricing accurately reflected the sentiment of international markets and was likely to ensure the success of the offer of 50m of Portugal Telecom's 190m shares.

"The Portuguese government has adopted a refreshingly realistic approach to the pricing," said a London-based analyst. "We expect the offer to take off and fly within this range."

The reference prices, based on an initial survey of potential investors, were fixed by Mr Anibal Cavaco Silva, Portugal's prime minister, and two other ministers at a meeting where they also agreed to delay slightly the launch of the sell-off.

national tranche and of a placement with three domestic institutions: Argentaria, the banking corporation controlled by the government; Banco Bilbao Vizcaya (BBV), the big retail bank; and La Caixa, the largest domestic savings bank.

The three institutions jointly control some 7.5 per cent of Telefonica's equity, and they have agreed to become core shareholders of the tele-

communications group by building a combined stake of up to 15 per cent.

Telefonica, which had a 1994 turnover of Ptas1,285bn and lifted its pre-tax profits last year by 32 per cent to Ptas109.6bn, is the biggest foreign operator in Latin America and is strongly involved in the development of mobile telephone and cable television in Spain.

The reduction in the state's

Final pricing is to be on June 1, and it will be determined by the demand for the shares. The prospectus will be issued on May 5 and the subscription period will run from May 16 to 28.

A total of 23m shares is being offered to overseas investors in an international tranche divided between London and New York. The offer is being co-ordinated by Merrill Lynch, UBS and S.G. Warburg.

In a related development, Mr Gonçalo Sequeira Braga, a former president of Companhia Portuguesa Rádio Marconi, Portugal's international telecommunications operator, said yesterday he was attempting to raise international backing for a \$2m bid to buy a holding in Marconi. Marconi, which is 49.6 per cent privately-owned, is being merged with Portugal Telecom. However, Mr Sequeira Braga hopes the government will agree to his buying out some of Marconi's overseas assets as well as its holdings in mobile phone and paging operations in Portugal.

equity in Telefonica is part of a broad privatisation programme that seeks to reduce the budget deficit.

Last month, the government realised Ptas300bn when it reduced its stake in Repsol, the energy group, from 41 per cent to 25 per cent.

Other deficit-reducing measures announced yesterday included slimming down the civil service and curbing subsidies to public companies.

Way cleared for Sabena and Swissair to agree deal

By Emma Tucker
in Brussels

The Belgian government yesterday cleared the way for Sabena, its national airline, to complete negotiations with Swissair, which wants to acquire 49.9 per cent of the debt-ridden Belgian carrier.

The government said the go-ahead was given after approval of a plan that will allow Sabena to reduce its costs sharply. The deal is likely to be completed over the next two weeks.

The cost-cutting measures involve ironing out an anomaly in pilots' pension contributions which, because pilots retire early, were higher than for other professions. This measure, together with a capital increase, is expected to put Sabena's books in order, ready for the Swissair acquisition.

"Under these conditions, the talks can be concluded. The council of ministers has given Mr Elio di Rupo, the communications minister, permission to finalise the talks and to sign the draft agreement between the Belgian state and Swissair," the government said.

The approval from the Belgian government - delayed because of arguments over how to cut Sabena's costs - will come as a relief to both airlines. For Sabena, the deal will generate much-needed capital, while for Swissair it will bring entry to the EU's deregulated aviation market.

However, the deal cannot be clinched until the European Commission has scrutinised its contents. Brussels has to ensure that neither the alterations to social security payments nor the capital increase break EU rules on state aid.

The Belgian government will have to prove that it was acting like any other commercial investor in raising the new capital, and that with the social security payments it was doing no more than ironing out an anomalous situation.

The acquisition by Swissair of the stake in Sabena means that Air France will have to relinquish its 25 per cent stake in the Belgian airline.

Reliance Industries far short of expectations

By Shiraz Sidwa in Bombay
and Our Financial Staff

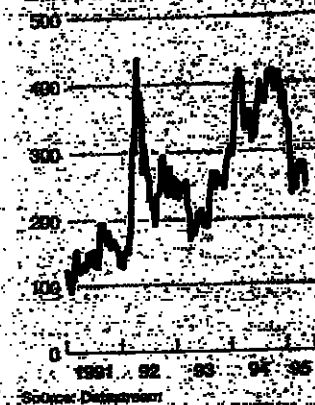
Reliance Industries, India's biggest private sector company, yesterday announced an 85 per cent increase in profits, to Rs10,65m (\$338.4m) for the year ended March 31.

Mr Anil Ambani, managing director, said the performance had demonstrated the chemicals and textiles conglomerate's ability to "successfully compete in the era of economic liberalisation in India".

However, the big rise in profits failed to impress the stock market. Analysts had been looking for net profits of more than Rs11bn, and Reliance's shares were marked down to close the day Rs7.25 lower at Rs248.75.

The Bombay-based company saw sales advance to Rs70.19bn from Rs63.45bn a year earlier, and operating profits rise to

Share price (paise)



Reliance Industries

Rs14.57m from Rs10.64m. Directors have recommended a dividend of 55 per cent for the year, which, including a preference dividend, will constitute a payout of Rs2.2bn, the largest in the private sector.

The dividend by Reliance Industries from India's largest private company is a surprise, as the group has been in a slump since last year.

Mr Ambani had invested in plants and from a company expenditure of Rs60bn. It expects the company capacity four to five years.

Reliance bag as an integrator, later at three, fabrics, plastics, it rose oil and gas, pro plans to diversify into telecommunications. The company Rs21.7bn fund-raising, two finance a Rs1.

Japanese bank trims forecast

By Gerard Baker
in Tokyo

The Long-Term Credit Bank of Japan, one of the country's largest, yesterday revised downwards its profit estimate for the financial year just ended. It blamed heavy losses on securities holdings.

It said the falling stock market had forced it to declare a 47.2m (\$664.2m) loss on the difference between the book value of shares and their market value as of March 31.

As a result, group pre-tax profit would drop to Y13.7bn, from the estimated Y36bn forecast last November. After-tax profit would be down to Y7bn from the earlier estimate of Y11bn, in spite of a slightly higher than forecast figure for operating revenues, up to Y24.4bn from Y23.5bn.

The parent company's pre-tax profit would be almost 50 per cent lower at Y18.1bn, on operating revenues of Y23.93bn, up from Y22.5bn estimated in November.

The bank is one of a cloud. But its president's responsibility relations with financial institutions.

Three, we announced pro to losses on the affiliated company week its long certificate of de graded by the US credit rating, one of the big among the big.

Nomura reviews its UK gilts oper

By Richard Lapper in London

Nomura International, the European arm of the Japanese securities house, yesterday announced it is to stop operating as a market-maker in the UK government bond - or gilts - market. The decision follows the closure of its primary dealership in the French government bond market earlier this week.

Efforts are being made to find other jobs for the 12 people who worked in the gilts

business. However, a review of European operations has already led to job cuts throughout its 15 offices on the European continent.

Employment in Europe has fallen by about 100, to 1,200, over the past six months. Last week Nomura sacked 10 bond salesmen and emerging markets traders in London. It is unclear whether the group intends to withdraw completely from the gilts market. The company said it aimed to concentrate on business

losses where it competitive at areas include market and Japan.

Nomura's operation in London, although it had a market share of 10 per cent, it was not an adequate return. Traders said about Nomura's withdrawal after a fall in gilts the June 10-y closed down.

North proceeds with gold mine development

North, the Melbourne-based mining group which this week launched a C\$510m (US\$373.8m) bid, with Canada's Rio Algom, for International Musto, is going ahead with a A\$189m (US\$135.2m) gold mine development at Lake Cowal in New South Wales, writes Nikkai Tak.

According to a feasibility study, the deposit has a measured, indicated and inferred resource of 49.6m tonnes at an average of 1.53 grams of gold per tonne.

North said it was seeking development approval from the state government, and preparing environmental impact and fauna impact statements. If permission is granted, production could begin in July 1997.

Annual production is estimated at 230,000 ounces of gold for a minimum of seven years.

Provisions and writedowns push MIM further into red

By Nikkai Tak in Sydney

MIM, the Queensland-based mining group, yesterday announced a A\$175.7m (US\$129.1m) loss after tax for the nine months to April 2. The unexpected deficit resulted from further asset writedowns and provisions at the troubled company.

The 40-week result, announced after local markets had closed, was scored on sales of A\$1.92bn, against A\$1.7bn a year ago, and compared with a net loss of A\$61.4m in the first nine months of the previous year.

During the third quarter, MIM took a A\$210m abnormal charge to cover asset writedowns and provisions.

The main items were a A\$100m provision against the

group's German interests - which include the "Berzelius" Duisberg smelter, 35 per cent of Norddeutsche Affinerie, and 40 per cent of the Montanwerke Brixlegg Gesellschaft recycling business - and a A\$100m general provision.

The latter provision is being set up in the light of a continuing "asset review" which could result in carrying values being written down. However, directors say that negotiations over some further unspecified divestments were also proceeding, and could produce offsetting gains.

MIM has been engaged in the sale of non-core assets and investments for several years, aimed at refocusing the group on its core mining business.

The third-quarter writedowns were offset by some

modest gains on asset sales - notably share stakes in Asarco and Cominco - leaving the nine-month abnormal loss at A\$194.4m.

At the operating level, before tax and abnormal, there was a small improvement in the nine months to A\$68.5m, from A\$60.2m, but the third quarter alone showed a surplus of just A\$8.2m, against A\$38.2m.

The company acknowledged that its Mount Isa operations, which are facing both operational and labour-related problems, had been unsatisfactory.

"For the [nine-month] period, Mount Isa operations generated a net profit of A\$32.4m, which represents a clearly unsatisfactory return of less than 5 per cent on total assets," it said.

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| | Instant Access | 4.90 | 4.90 | 3.67 | 3.67 | Yrly | 10 | 4.45% 254,500, 3.65% 500, 2.85% 750, 2.05% 1,000, 1.25% 1,250, 0.45% 1,500, 0.05% 1,750, 0.05% 2,000, 0.05% |
| | Trust | 6.75 | 6.75 | - | - | Yrly | 30 | + £3,000 interest paid monthly. Gross: 6.55 per month. |
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| | First Class 1st | 7.15 | 7.15 | 5.36 | 5.36 | Yrly | 100,000 | Instant access on penalty |
| | Special Asset | - | 5.15 | 3.86 | - | Yrly | 5,000 | Effective 1st May 1995 |
| | Special Asset | - | 6.15 | 4.61 | - | Yrly | 10,000 | 90 days notice |
| | Special Asset | - | 6.60 | 4.95 | - | Yrly | 70,000 | Thermal interest rates |
| Bradford & Bingley | Special Asset | - | 6.75 | 5.06 | - | Yrly | 40,000 | Monthly income |
| | Special Asset | - | 7.05 | 5.29 | - | Yrly | 80,000 | Available |
| | Monthly Saver | - | 8.00 | 6.10 | - | Yrly | 16,100 | Twelve equal consecutive monthly payments |
| | Jobline Bond 2 | 6.92 | 6.92 | 5.19 | 5.19 | Monthly/Yrly | 30,001 | 90 day notice or penalty, £2K + at 6.67% (5% max) |
| | "K" Shares | 7.75 | 7.75 | 5.8125 | 5.8125 | Annually | 300 | Guaranteed |
| Country (Edinburgh) (031 556 1711) | Ordinary | 5.75 | 5.83 | 4.3325 | 4.36 | Yrly | 1 | Instant Access |
| | The London Account | 5.75 | 5.75 | 4.31 | 4.31 | Yrly | 2,000 | Instant access period deposit account |
| | 90 (Fixed Income) | 7.25 | 7.25 | 5.44 | 5.44 | Yrly | 100,000 | Closed term, £25K + 7.00%, £50K + 6.40% |
| | Super 60 | 6.95 | 6.95 | 5.21 | 5.21 | A | 10,000 | 60 days notice for withdrawal. Gross rate for 6.85% from £25K-17,777 |
| | Deposit Premium 2Xtr | - | 7.40 | 5.25 | - | Yrly | 100,000 | Gross rates include 0.25% annual gross bonus payable where an withdrawal occurs. Over withdrawal up to £5,000 per month where £10,000 remains. Different interest rates apply to non-personal accounts (for example company, club or charity accounts) |
| Catholic (071-222 6736/7) | Deposit Premium 2Xtr | - | 7.15 | 5.36 | - | Yrly | 50,000 | 90 days notice |
| | Deposit Premium 2Xtr | - | 6.90 | 5.10 | - | Yrly | 25,000 | 90 days notice |
| | Deposit Premium 2Xtr | - | 6.65 | 4.99 | - | Yrly | 10,000 | 90 days notice |
| | Deposit TESSA | 7.34 | 7.34 | - | - | Yrly | 50 | 90 days notice |
| | Capital Bond | 7.30 | 7.30 | 5.40 | 5.40 | 20 April | 150,000 | 90 days notice |
| Leeds & Holbeck (0532 409511) | Trust | 6.60 | 6.60 | - | - | 1 Jan | 1 | 90 days notice |
| | Gold Asset | 5.45 | 5.45 | 4.99 | 4.99 | 1 Jan | 50,000 | 90 days notice |
| | Bullion Gold | 7.25 | 7.25 | 5.44 | 5.44 | Annually | 100,000 | 90 days notice |
| | Bullion Gold | 7.05 | 7.05 | 5.29 | 5.29 | Monthly | 300,000 | 90 days notice |
| | Liquid Gold | 5.90 | 5.90 | 4.33 | 4.33 | Annually | 25,000 | 90 days notice |
| Northern (0202 698281) | Gold Asset | 6.25 | 6.35 | 4.76 | 4.76 | Annually | 50,000 | 90 days notice |
| | Gold Asset | 6.17 | 6.17 | 4.63 | 4.63 | Monthly | 50,000 | 90 days notice |
| | Agreement | - | 5.45 | 4.09 | - | 31 Mar | 25 | 90 days notice |
| | Robinson 60 | - | 7.35 | 5.51 | - | 31 Dec | 100,000 | 90 days notice |
| | Now Plan Special | - | 5.65 | 4.24 | - | Annually | 200,000 | 90 days notice |
| Newcastle (091 232 6676) | Now Star (Now VII) | - | 7.10 | 5.33 | - | Annually | 5,000 | 90 days notice |
| | Now Star (Now VII) | - | 6.85 | 5.26 | - | Monthly | 5,000 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| Northern Bank (091 205 7193) | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| Portman Chase (041 8224776) | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| Principality (0222 394168) | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| Sloans (0756 706511) | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| Yorkshire (0905 570556) | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |
| | Instant Gold | 6.20 | 6.20 | - | - | Yrly | 5,000 | 90 days notice |
| | Gold Bond (3 yr Bond) | 8.25 | 8.25 | - | - | Yrly | 5,000 | 90 days notice |
| | Trust | 7.00 | - | - | - | Annually | 25 | 90 days notice |
| | Gold Plan | 6.65 | 6.65 | - | - | Yrly | 5,000 | 90 days notice |

FINANCIAL TIMES

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Saturday April 29 1995

One more for the road?

The "Sinatra doctrine" of international economic co-ordination has few fans in Japan or Germany these days. But US officials at this week's G7 meetings clung passionately to the idea expressed in Frank Sinatra's song *My Way*: they will make policy to suit the demands of the economy, not exasperated trading partners.

Where fiscal policy is concerned, it is obvious which way is the right way, for domestic and international constituents alike. The US needs to raise its meagre national saving rate, and will have to impose tougher budget cuts to do it. Where the Clinton Administration parts company with the Japanese and Germans is over the speed with which this could be achieved.

Monetary policy presents more of a conundrum. The question now is whether interest rates should be raised or left where they are. For much of the year, the received wisdom has been that a federal funds rate of 6 per cent implied neglect, not merely of the dollar, but of inflation. Consumer price inflation has crept close to 3 per cent during the first three months of 1995. This implies that the real interest rate is now only marginally above 3 per cent: its long-term average level.

Mr Alan Greenspan, the chairman of the Federal Reserve, can marshal a stronger defence of his policy today than he could in early February, when he made his most recent, modest half-point interest rate rise. Yesterday's preliminary GDP figures showed the economy growing at an annual rate of only 2.8 per cent in the first quarter - quite a contrast with the 5.1 per cent annual rate in the last quarter of 1994.

The scale of the slowdown came as a surprise, but critics of Mr Greenspan have for some time contemplated the possibility that they misjudged him. The 1.8 per cent rise in final demand announced yesterday confirms the signs of reduced activity in the consumer sector evident in the past three months' figures for retail sales. Retailers managed a 0.2 per cent rise in receipts in March, but that followed a 1 per cent drop in February, and only brings retail spending to the level of five months ago.

Die-hard proponents

That the slow-down has been led by consumers is further confirmed in the sector-level data. Both housing starts and car sales have fallen from their 1994 growth rates. Since these are the two sectors usually considered most susceptible to interest rates, many have taken this as confirmation that the combined 3/4 percentage point rise in interest rates since February of last year was at last having

the desired effect.

Some die-hard proponents of tightening will no doubt continue to argue that the latest growth figures show a pause, rather than a lasting deceleration. But the theories supporting this judgment are of varying quality.

US credit expansion

If Mr Simpson receives another, lengthy, retrial, that might make this a rather more lasting effect than its proponents suppose. But Mr Greenspan, at any rate, might balk at taking such a variable into account. "Rebound" theorists are on stronger ground pointing out the continued healthy growth in personal incomes and, perhaps most important, the high rate of US credit expansion.

Monetary growth data have been a source of reassurance throughout this recovery, although some would argue that extensive readjustment of bank balance sheets makes money supply data rather misleading. Credit growth, however, leaves rather less room for doubt. Bank credit grew at an 8 per cent annualised rate in the three months to the end of March, a little above the average growth rate for 1994. Consumer loans have risen even faster, by nearly 10 per cent, over the period.

Another important area of concern is the decline in the dollar, which has fallen by around 10 per cent, on a trade-weighted basis, since the start of the year. The dollar lost around 5 per cent of its value on the same basis last year, with little measurable impact on prices, but importers - particularly Japanese and German ones - may no longer be in a position to keep price increases low through a further squeeze on profit margins.

It would be ironic if a GDP figure largely felt to vindicate Mr Greenspan's policy were followed by a decision finally to raise interest rates, when the Federal Reserve Monetary Committee meets at the end of this month. Ironic, but possibly justifiable on grounds of the need for caution over inflation. Wage indicators show no sign of inflationary pressures: last week's employment cost data for March showed the lowest annual increase on record. This is a very difficult judgment to make. Mr Greenspan will be cursed if he tightens, but will also be condemned if inflation rises much above present levels.

George McGovern, a Democrat, ran for president in 1972 to end the war in Vietnam. John McCain, now a Republican senator from Arizona, spent seven years as a captive of the Vietnamese after his navy aircraft was shot down. Here is what they had to say to each other on TV on the eve of the 20th anniversary of the final US withdrawal from Saigon, which falls tomorrow.

Mr McCain: "Senator McGovern, those of us in prison did not appreciate it when you said you would go to Hanoi on your knees. We were trying to stay on our feet."

Mr McGovern: "Senator McCain, if George McGovern's policies had prevailed, you wouldn't have been in prison in Vietnam and we wouldn't have had 58,000 young Americans dead in Vietnam."

Mr McCain: "If you had been president, I would probably still be there."

There was more than a bitter exchange between two old war-horses still fighting yesterday's battle and still both sure they were right. Twenty years on, the Vietnam war, a by-product of the now extinguished cold war, remains the quintessential American fault-line.

Nothing seems able to erase its memories and everything has the capacity to reignite smouldering passions, most recently the confessional from Robert McNamara, secretary of defence between 1961 and 1967, that the US should have withdrawn from Vietnam a decade before the final *dénoûment*. But for the awful bombing in Oklahoma City, the anniversary itself would have been sufficient again to dominate national headlines and debate.

The Vietnam war, the one foreign conflict the US definitively lost on the battlefield if not in the aftermath, still touches almost every adult American. It affects those who fought in it and demonstrated against it; the friends and relatives of those who died in it and those who were wounded, in body and mind, and returned to unheroic welcomes until belatedly recognised in a long black wall in Washington; those who avoided service out of principle and fear; those who directed it and those who reported it and made songs, books and films about it.

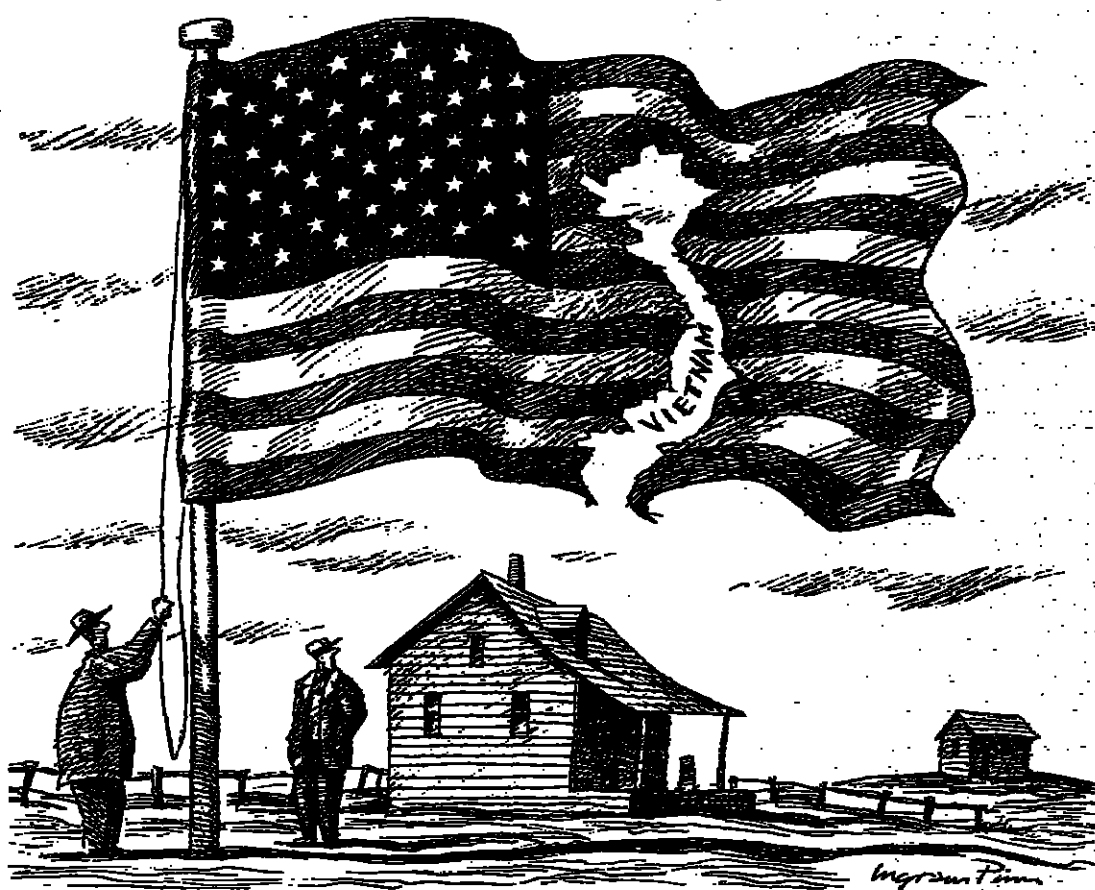
Opposition to it, drawn so much from the near simultaneous civil rights campaign, emerged a generation of idealists and, when their passions subsided or they dropped out, prompted a return to conservatism in the 1980s. Today Newt Gingrich, the self-proclaimed revolutionary who is Speaker of the House, blames almost all contemporary ills on the "counterculture" of the 1960s which had so many roots in the anti-war movement.

McNamara's message is that no episode in modern American history has contributed more to lack of faith in government. Watergate, which he does not mention because it came after he had left the Pentagon, surely comes close but it, too, had roots in Vietnam, because the great dissent of 1968 made possible the election of Richard Nixon and because his scandals were conceived and conducted with a disregard for the truth comparable to that displayed over Vietnam.

Yet McNamara's reward for coming clean has been sackcloth and ashes. His subsequent 14-year career as president of the World Bank derided as irrelevant or dismissed as a sinuature. "Has any American this century done more damage than Robert McNamara?" asked Mickey Kaus, a columnist for the New Republic, the US weekly.

Twenty years on, the Vietnam war remains a quintessential American faultline, writes Jurek Martin

A memory that never flags



A generation of politicians and policy-makers was tarnished, including three successive presidents - John Kennedy, whose second thoughts, cut off by assassination, could not offset his first fateful escalation; Lyndon Johnson, who chose not to seek another term after bringing it to near full bore; and Nixon, who promised pre-election solutions but only delivered, and then partly, after his second one.

Jimmy Carter was afflicted by the Vietnam syndrome of political vacillation in his failure to free US hostages from Tehran and only now, in his remarkable non-retirement, has laid the old accusations of weakness to rest. The record of Henry Kissinger, foreign policy supremo for eight years until 1976, remains indelibly scarred by it, whatever his other achievements and whatever he writes to the contrary.

Their successors, Democrats and Republicans, still cannot escape it. When Bill Clinton beat a second world war veteran, George Bush, in 1992 he might have thought he had laid his own avoidance of military service in Vietnam to rest. Now he claims McNamara has "vindicated" the anti-war beliefs of his youth.

But if his opponent next year is Senator Bob Dole, severely wounded in Italy 50 years ago, then the old arguments will be re-run. And to become the Republican nominee, Mr Dole will have to overcome those who obtained deferments

from service (Phil Gramm and Pat Buchanan) and those who were uniform (Richard Lugar and Pete Wilson). Newt Gingrich never served either. Not that failure to serve has ever prevented non-combatants - Ronald Reagan, Dan Quayle, the former vice-president, and even sometimes Bill Clinton - from compensating by wrapping themselves in military flags.

To this day, US policy towards Vietnam is circumscribed by the loss of the war. Hanoi wants normalisation of diplomatic relations following the lifting of the US trade embargo that had been in place since the end of the war. American business is clumping at the bit to compete in a potentially vibrant new market. And the Clinton administration has finally opened a diplomatic office in the Vietnamese capital. But real progress must still take second place to a precise accounting for the fate of the 1,621 Americans still listed as missing in action.

The task is surely hopeless. Neil Sheehan, who reported the war with distinction for the New York Times, recently accompanied search teams in Vietnam trying to find remains and other evidence. He concluded his article in New Yorker magazine: "Painful as it may be, the families of the lost will sooner or later have to accept the answer that there are no answers." But no American politician with eyes on

the highest office can afford to admit as much.

The ghost of Vietnam hovers over every contemplated US external intervention. Ronald Reagan proclaimed it excused after the invasion of Grenada in 1983 and George Bush did likewise after the 1991 Gulf war. Both were straightforward exercises in the doctrine of maximum force - itself the principal lesson that military strategists, like General Colin Powell, the former head of the joint chiefs of staff, drew from Vietnam, where many career officers had served.

But the messy post-cold war world rarely lends itself to such clear-cut action - as the humanitarian mission that went so wrong in Somalia demonstrated; as the US occupation of Haiti could easily have proved; and as international impotence over Rwanda merely underlines. There is no political or public appetite to send US soldiers into the Bosnian quagmire or, as Senator Dole and the new unilateralists would have it, anywhere in the world if they have to serve under UN command (not that any US soldiers are serving in such circumstances at present).

The Senator's proposal for the US to lift its arms embargo on Bosnia is designed to avoid any chance of its servicemen having to fight on Balkan soil. President Clinton thinks he is wrong and so does the head of every other Nato country,

but the Dole view could prevail in Congress in the weeks ahead. A vivid documentary this week by Peter Jennings in Bosnia and exhorting its previous commander, General Sir Michael Rose, almost demanded intervention to punish the Bosnian Serbs. But the most likely effect of the programme on those who watched it will have been to dissuade them from backing any US involvement at all.

That, too, is the conclusion that may be drawn from the current round of retrospectives on Vietnam: replete with all the old images - of the naked Vietnamese girl running down a road on fire from napalm; of the young American woman leaning over the body of a student and war protester shot dead in 1970 by the National Guard at Kent State University.

An internationalist if ever there was one, McNamara says he wrote his memoirs so his country could learn from its mistakes and still press ahead towards a better, safer world. But the message from his critics is all about his culpability in dissembling to his country 30 years ago, placing loyalty to his presidents above all other considerations and not resigning in protest, as Cyrus Vance, then secretary of state, did in 1980 over the Iranian hostage rescue mission in Iran.

The attacks on McNamara occur at a time in US history when governments have never been held in lower public regard. This could be modified by respect for what federal agencies have done in the wake of the Oklahoma City catastrophe, itself apparently the work of domestic anti-government extremists. But the relief may only be temporary.

There is another, older dimension to the Vietnam war debate with current - if not easily foreseen - relevance to public policy. The collective, if disputable, point made by men as disparate as Walt Rostow, LBJ's national security adviser, and Lee Kuan Yew, Singapore's senior statesman, is that the US might have lost, but that it fought the war long enough - and confined it sufficiently - to prevent the rest of south-east Asia from falling to a misguided ideology. Those that did - Vietnam, Laos and Cambodia - are still basket cases, in stark contrast to the countries of the Association of South East Asian Nations.

It is hard to deny that the US today has real difficulties coming to terms with Asian successes on the trade front. But the comparable achievements inside the US - in education, in business, even in crime - of most of the 750,000-plus Vietnamese, Laotians and Cambodians who have arrived in the last 30 years have also helped fuel the fires of the xenophobia burning quite strongly in the disaffected heartland.

Even the problems of those who have proved virtually unassimilable in the US, like the Hmong-Chill tribes from Laos, have contributed to a negative perception of immigrants by suggesting that they drain social services.

Proposition 187 in California last year, seeking to deny social services to illegal aliens, was only the first shot across the bow of a relatively liberal, if chaotic, national immigration policy which legally admits as many as 800,000 foreigners annually. Where does it end? McNamara's book concludes with the refrain from *The Palace*, Rudyard Kipling's poem "After me cometh a builder. Tell him I too, have known." Senators McGovern and McCain might at least agree that reconstruction has hardly begun.

MAN IN THE NEWS: Winston Churchill

In the name of the grandfather

Try as one might, it has been hard to feel much sympathy this week for Winston Churchill, the 94-year-old Conservative MP for Daventry, near Manchester.

And it has been still harder to sympathise with the National Heritage Memorial Fund, which has paid £12.5m for the Churchill archives while allowing the young Churchill, as he is still universally known, to retain the copyright for the next two decades.

Perhaps there should have been no surprise at Wednesday's remarks by Lord Rothschild, chairman of the Fund, and Stephen Dorrell, national heritage secretary. They said that negotiations about the future of the archives of Britain's second world war prime minister had been going on for several years, that there had been independent valuations, and even the suggestion of legal action over the ownership of the papers. The fact is that most people knew nothing about this.

The negotiations went on behind the scenes. The announcement that the Fund had used money from the national lottery to acquire the archives came out of the blue. Even John Major, the prime minister, seemed to think that there had been some kind of national coup by keeping the papers in Britain's East.

There was a smaller, but similar furore about the Fund's decision to acquire Mar Lodge in the Cairngorms for about £10m. The lodge and its grounds will be developed partly for commercial deer-stalking. Deer will have to be culled. The two decisions suggest that the Fund needs to develop antennae capable of predicting popular reaction.

In the circumstances, Churchill has done very well out of this week's deal. He has no great politi-

cal future to look to, nor much of a political record of his own to look back on.

His greatest misfortune is his name - not Churchill, but Winston. If he had been called Peter or Fred or almost anything but that, his career might have been different. The story is told repeatedly of his getting into trouble when being asked to say who he was and no-one believing him. It happened conspicuously when he was covering the Democratic party convention as a journalist in Chicago in 1968. He was seriously roughed up by the local police as a result. Winston, however, was what the family insisted upon: grandfather Winston, the wartime prime minister, and father Randolph.

His grandfather must have been one of the few people whose name was recognised everywhere, although if it had not been for the second world war and his call to the leadership of his country, he also might have been judged a failure. Certainly, that is the view of the historians who have written about him most recently.

Like his grandfather, the present MP began his working life as a journalist and author. He flew dramatically around Africa, reporting for *The Times*. He wrote a good book on the Six Day War in the Middle East. Randolph, too, had a prolific output and, in spite of his eccentricities, had a serious side. It was Randolph who began work on the official Churchill life and recruited the young historian, Martin Gilbert, who completed the bulk of the task.

Growing up a Churchill, however, had its hazards and its temptations. The young Winston's mother is Pamela Harriman, currently American ambassador in Paris. It was her husband, the late Averell Harriman,



who spotted Churchill's restlessness at Oxford and paid for him to have flying lessons.

Neither at Eton nor Christ Church, Oxford, was his educational career particularly distinguished. He did not go in much for university politics, but he had a name and some people fawned on him because of it. Equally he had entrees all around the world. In that sense he was probably spoiled. A patrician member of Margaret Thatcher's first cabinet remarked of him: "The trouble with young Winston is that he has no manners". And perhaps he did expect politics and office to fall into his lap.

After an unsuccessful by-election in Manchester, Gorton in 1927, he made it to parliament for the nearby seat of Streatham in the general election of 1929, switching to Daventry in 1933. His highest office was assistant shadow spokesman on defence, 1976-78. Mrs Thatcher sacked him for defying the Tory whips in voting against

the renewal of economic sanctions on Ian Smith's Rhodesia. There was some muttering in constituency associations at the time that "you can't sack a Churchill", yet she managed it with ease.

Almost all his political instincts have been to the right on foreign affairs and defence (the subjects closest to the heart of his grandfather) and also on immigration, to which he has voiced pronounced opposition. He supported Mrs Thatcher in her resistance to sanctions against South Africa, but she never reinstated him. Neither did John Major give him a job when he became prime minister in 1990, even though he promoted Churchill's cousin, Nicholas Soames.

Yet there is a maverick streak in him. When Michael Heseltine was seeking pit closures in 1982, Churchill came out in defence of the government, before eventually being persuaded to abstain. That may have been his last big political fling.

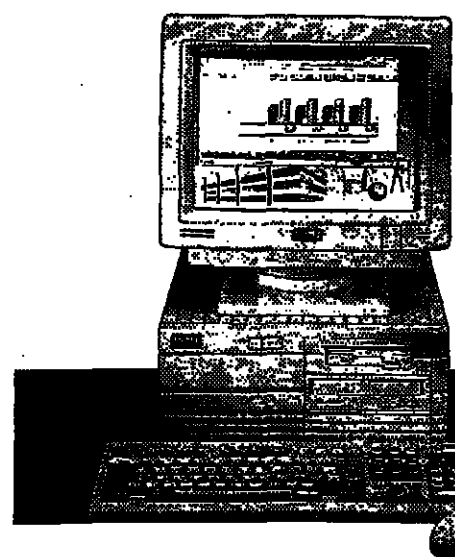
His personal life has been less than tranquil. There has been a number of publicised affairs. Last month came the announcement that Churchill and his wife Minnie, whom he married in 1964, are to be divorced.

Think what you will about the man, however. The real story this week is how assumptions and decisions can be made behind the scenes which are not necessarily correct. There were three main criteria for what should happen to the Churchill archives: they should be kept together, in good order and with access for scholars.

It is not known if the price is right because it has not been tested in the market place. There is no compelling reason why they be kept in Britain. Some US universities have better facilities and better scholarship. Nor is it self-evident that there would have been a public outcry if the papers had gone abroad. And the precedent it has set for the acquisition of prime ministerial papers in future is alarming.

Malcolm Rutherford

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Ben Pimlott says today's special conference marks a turning-point in the party's ideological development

Labour's clause for celebration



Burning issue: Harold Wilson kept the clause, while Tony Blair threw down the gauntlet

There is one difference between you and me, Tony Blair told the prime minister this week in the sound bite of the year. "I lead my party. You follow yours."

As unions meekly fall into line to guarantee a majority for the Clause 4 re-write at today's special Labour party conference, it is scarcely an idle boast.

When, last autumn, the new opposition leader threw down the gauntlet on the sacred clause, there was much shaking of heads. Some said his call was a dangerous hostage to fortune. Other critics saw it as hypocritical: Mr Blair's "modernising" initiative, they predicted, would need trade union docility to save it from the left-wing wrath of the constituency activists.

Both have been proved wrong. True, at times the final verdict seemed to hang in the balance. But it has been the constituency parties which have led the way, shaming the more cautious unions into acquiescence.

But if Mr Blair's first intra-party skirmish has been a political and public relations triumph, what will its long-term effects be on the party? These are harder to gauge.

A case can be made for saying that the clause only ever mattered when Labour leaders made a fuss about wanting to get rid of it.

Certainly, little enough attention was paid to the clause, in 1918. The three aspirations in the clause - equitable distribution, popular administration, and common ownership - were only occasionally seen as immediate aims. Even the 1945 Labour government, keen on high taxes and public ownership, neglected "popular administration" as a means of carrying out socialism, in favour of

Few people thought much about Clause 4 until it was raised at the 1959 party conference by Hugh Gaitskell, the then leader. Identifying the clause mainly with nationalisation, he saw it as the symbol of an outdated economics, and as an obstacle to electoral success. Unlike Blair, however, Gaitskell was a poor politician. Faced with union outrage, he was forced to back down.

Gaitskell's rival and successor Harold Wilson took a more pragmatic view: you don't have to believe in the literal truth of Genesis, he told a reporter, to think it a mistake to drop it from the Bible. After Gaitskell's death, Wilson kept the clause, and ignored it.

At first this strategy seemed to work. However, in the 1970s, the left began to present common ownership, once again, as the essence of socialism. In an age of grassroots industrial militancy, it became harder to argue that the inscription on every comrade's membership card was there just for sentimental reasons.

Those were remarkable times. It is extraordinary to recall that in 1973 the Labour national executive committee advanced a plan for the state takeover of 25 leading companies; that the figure of 25 was reached because, in the words of the late Ian Mikardo, an influential member of the party's national executive: "if it was not quantified

someone might try to duck out of the obligation"; and that even this figure of 25 did not satisfy the hard left, which wanted to add a further "250 major monopolies", together with "the land, banks, finance houses, insurance companies and building societies with minimum compensation... all under democratic workers' control and management".

During the 1974-79 Labour government, Wilson and Callaghan were able to use Labour's dependence on minor parties as a shield against

the left. After the 1979 defeat, however, the dam burst. As Margaret Thatcher unleashed the doctrine of monetarism on the Tory party, angry leftwing unions re-committed Labour to a package of nationalisation proposals which became one of the most self-defeating parts of the 1983 manifesto.

When Neil Kinnock succeeded Michael Foot as leader, the nationalisation commitment was one of the first to go. However, even in the 1990s, Clause 4 had a peculiar hold

on the rank and file. To be a supporter of Clause 4 was not to be an extremist. On the contrary, doughty councillors and the salt-of-the-earth shop stewards continued to describe themselves as "Clause 4 socialists", to distinguish themselves from the hard left.

This was what Blair was up against. Yet by 1994 only the most stubborn of Rip van Winkles could still talk about taking into state ownership "the commanding heights of the economy". Evidence that Blair was pushing at an open

door is provided by the astonishing result of the ballot in the constituencies. Local parties that once would have happily nationalised the Milky Way, voted this month for the reformulation, with its comely references to a "dynamic economy" and "the rigours of competition".

Today's conference is a turning point, the equivalent for Labour of the German social democratic party's renunciation of Marxism at its 1959 Bad Godesberg conference. That it brings British social democracy into line with its continental equivalents a generation later, cannot be doubted.

Yet, though the question mark over Labour's survival may have gone for the time being, it has not necessarily disappeared for ever. The problem of what the party now does believe in has yet to be resolved.

The drafters of the new clause are not themselves to blame. The word could have been tighter (and more grammatical: what on earth is "a spirit of solidarity, tolerance and respect"?).

If the new clause does not say much more than what anybody on a Clapham omnibus would applaud, that is because there isn't a great deal more to be said. A dynamic economy, a just society, an open democracy, a healthy environment - hands up who's against them? But at least such objectives belong to the real world instead of a fantasy.

Some will claim that a bland clause means a bland party. But it could be that Labour will be better served if it does not have an impossible (and quickly out-of-date) standard to live by. Indeed, the linguistic poverty of the new clause could even be a plus, ensuring that it will quickly be forgotten, and never become an albatross.

There are bigger questions than this bundle of words. What form will Labour's new deal with the trade unions take, and how will the party relate to the shrinking, but still large blue-collar working class? Will its principles entail a soft spot for the excluded underclass of casual workers and unemployed - or will its need for middle-income voters force it to be tough?

There is a need for ideological glue to stick the various ideas that are floating around the organisations and think-tanks of the Labour movement together. Perhaps it will only come after Labour takes office. In the meantime, there is a requirement for practical solutions and ideas on education, health and all the other current catastrophes. For these, today's vote could scarcely be a better launch pad.

Ben Pimlott is professor of politics and contemporary history at Birkbeck College, University of London, and biographer of Harold Wilson

A search for credibility

Lloyd's of London has not lost its habit of attracting damaging publicity. "Crisis drags Lloyd's to brink of closure," announced one front-page newspaper headline this week. Others speculated about a Bank of England rescue package. The House of Commons held a special hearing on the insurance market's solvency.

Worried that frightened policy holders would withdraw business from the 300-year-old institution, Mr David Rowland, chairman, and Mr Peter Middleton, chief executive, were forced into daily rebuttals of the more apocalyptic stories.

The market would pass solvency tests set by the Department of Trade and Industry, they said. Valid policy claims would continue to be met. There were no talks with the Old Lady of Threadneedle Street.

For the 31,000 members of Lloyd's, scary headlines are hardly novel. But the flurry of media attention raised two questions. Why, after a period of relative tranquility, is Lloyd's suddenly back in the news? And is its survival really in doubt?

The first question is not difficult to answer. In less than three weeks, Lloyd's will announce another thumping loss, this time for the 1992 account which, under the market's accounting system, is reported three years in arrears. With Chatset, a company specialising in analysing Lloyd's, predicting a loss of about £1.5bn, taking the total since 1988 to \$8.4bn, it was inevitable that speculation would grow over the institution's finances.

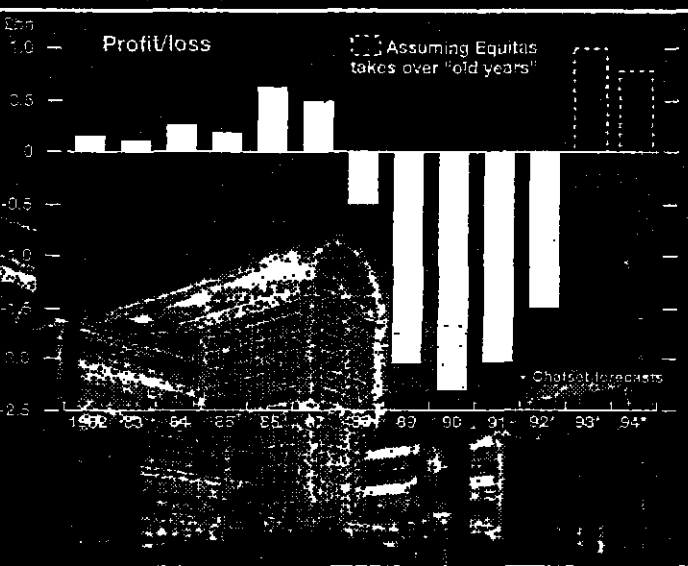
Lloyd's is also an easy target. Its finances are complex and opaque to outsiders, and Mr Rowland is disarmingly honest in admitting Lloyd's has difficulties collecting money owed by its members - the Names.

Together with Mr Middleton, Mr Rowland has improved management at Lloyd's. But better internal projections about the various financial scenarios for Lloyd's have had an undesired side-effect: leaks about what might happen in the worst case may have flavoured the recent media coverage.

Some Lloyd's insiders believe that loss-making Names seeking compensation or merely revenge may also have fuelled this week's news. Attempts to win compensation in courts are time consuming, costly and unpredictable. Many of the worst-affected Names - the individuals whose assets have traditionally

The Lloyd's insurance market may not be going bust, but it still faces big challenges, says Ralph Atkins

Lloyd's: punished by its past



supported the insurance market - believe their interests may best be served by Lloyd's closure.

Mr Christopher Stockwell, chairman of the Lloyd's Names Association's Working Party, an alliance of hard-hit Names, says: "As long as we continue to trade and say you will pay claims, you will get ambulance-chasing lawyers from America producing claims." He believes closing Lloyd's should be considered, but disputes the idea that supporters of this option are behind recent media coverage: "I just don't believe that the press is that willing or able to be manipulated."

The more pressing question about Lloyd's financial security is complex. Mr Middleton has hunched aside press speculation about the market's imminent demise, complaining of "candyfloss" journalism - "big and colourful, but when you sink your teeth into it there was nothing there".

In Lloyd's 12th floor executive suites, solvency checks are almost a side issue. By in effect mortgaging its building and agreeing changes with the Department of Trade and Industry on valuing some liabilities, this year's tests will almost certainly be passed.

But at least as important as the tests is a plan for a sweeping restructuring of Lloyd's, forced on it by problems from underwriting in the past (particularly US asbestos and pollution claims, some on policies dating back to the 1940s) and by the refusal of litigious Names to settle their debts.

The proposal is to make a break with the past and split the Lloyd's market into two - a "new" Lloyd's which will trade profitably; and Equitas, a big reinsurance company to take responsibility in 12 months for billions of pounds of liabilities on old policies.

Equitas is seen by Lloyd's as offering the best chance of long-term prosperity. This week Lloyd's said it was broadening the project: previously, liabilities on policies sold before 1986 were to be reinsured into Equitas next spring and others at a later date; now policies up to 1992 may be included.

The change would increase Equitas' already Herculean workload. The boundaries of actuarial science are being extended in an attempt to predict the vagaries of US courts and the likelihood of new US legislation on environmental clean-ups. But a full-blown Equitas would

offer Names a "cap" on their liabilities: in other words, thousands trapped on accounts left open because of uncertainty about future policy claims could sign a last cheque to Lloyd's and exit. Such a "cap" is crucial to reaching an out-of-court settlement of litigation. In turn, resolving the mass of legal actions being pursued and pending by Names against Lloyd's agents would release the money the Names owe, easing Lloyd's cash flow.

Equitas would also create a "clean" new Lloyd's attractive to corporate investors with limited liability: they are replacing traditional Names who have been trading on the basis of unlimited liability. By next year, Lloyd's will be reporting good profits: Indemnity Insurance Services, which provides advice on Lloyd's, reckons investors should see a return on capital in excess of 20 per cent on the 1993 account.

The difficulty is making the split. Lloyd's not only has a moral duty to protect the interests of the Names whose funds financed its rapid expansion in the 1980s; it needs to ensure sufficient funds to settle claims on old policies. If Lloyd's defaults on policy claims, says Mr Charles Sturge, editor of *Chateaux* reports, "the balloon goes up".

So Lloyd's has to set up Equitas without overburdening Names, allowing them to continue underwriting where possible. That might yet require a special levy on profits from 1993 and subsequent years. In effect this could be used to redistribute the burden of having Equitas reinsure liabilities; the rich Names would help the poor.

Mr Robert Saunders, director at accountancy and banking company Smith & Williamson, says: "The question is how 'new' Lloyd's can trade on and still reward those who provided the risk capital through the dark ages."

Mr Rowland and Mr Middleton have promised an outline of Lloyd's latest recovery plan by its annual general meeting on May 30. But the feasibility of Equitas will probably not be clear until late summer. The project's scale is regarded with awe by other insurers, many of whom also face problems from old years. Regulators have yet to be convinced policyholders will be protected. Media pot-shots at Lloyd's will continue as long as such uncertainties remain.

Just a few days ago, it appeared that Microsoft, the world's leading personal computer software company, might be about to shake the monkey of antitrust charges off its back after five years of government investigations and legal wrangling.

Now Microsoft is once more a target of a new lawsuit aimed at blocking its plans to acquire Intuit, publisher of Quicken, the popular personal finance software programme. The Justice Department antitrust division - which has brought the suit - claims that the merger would be anticompetitive.

If successful, the action could scuttle Microsoft's ambitions to become a leader in the emerging and potentially huge new market for home banking and online commerce by incorporating Intuit's Quicken into its own planned online services network.

The sequence of events is remarkable. On Monday, lawyers from the Justice Department joined those from Microsoft in asking appeal court justices in Washington DC to reverse a lower court ruling that their antitrust settlement was too narrow and failed to address several alleged anticompetitive practices by Microsoft.

On Thursday, the same Justice Department antitrust division filed a suit in San Francisco, charging that Microsoft aims to limit competition in the largest segment of the home computer software market through its acquisition of Intuit.

The two cases are separate and address different legal issues. There is, nonetheless, a widespread feeling among legal experts and in the software industry that the Justice Department, emboldened by criticism for being too soft on Microsoft in its antitrust settlement, is now out to prove that it can be a tough enforcer when it needs to be.

In its latest complaint, the Justice Department says that the acquisition of Intuit would give Microsoft a "crucial springboard" into the new areas of home banking and electronic commerce.

It goes on to argue that Microsoft would be able to vault so far ahead of other software companies that it would achieve a virtual monopoly, dissuading competition.

Intuit's Quicken allows its more than 7m customers to use their PCs to keep track of bank, credit card and loan accounts, as well as investments, and to pay bills electronically.

The programme was the biggest selling home PC software product in the US last year, topping even the most popular games. According to data presented by the Justice

A hard line on software

Louise Kehoe on the latest legal challenge to Microsoft's merger plans



Bill Gates: 'merger is very clearly in the interest of consumers'

Department, Quicken last year achieved a market share in personal finance software of almost 70 per cent, in unit sales, or 85 per cent in terms of revenues.

This is one of the few segments of the PC software market where Microsoft is not currently dominant. The company's competing programme, called Money, is number two in the market with a 22 per cent share of unit sales and 7 per cent of revenues. Thus, Microsoft and Intuit together control more than 90 per cent of the market for personal finance software.

Recognising that a merger of the two largest suppliers of finance software would attract the attention of the Justice Department, Microsoft moved to sell off its own product when it announced the Intuit acquisition in October. In a bid to avoid antitrust problems, Microsoft arranged to sell Money to Novell, its strongest competitor in the PC software industry, and a licensee of Intuit's Quicken.

The Justice Department is not impressed with the arrangement.

"This so-called fix just won't work," said Ms Anne Bingaman, head of the antitrust division.

The department's complaint says that Microsoft will not, in effect, transfer all of the assets of Money to Novell because employees working on the product "apparently will remain with Microsoft".

"In contrast, Microsoft has described the Intuit people as the most important resource it will acquire if the transaction closes," the complaint states.

Perhaps because of this, Money has been virtually given to Novell: "The upfront purchase price to be paid by Novell... would be zero," the department says. Although Novell would pay a 10 per cent royalty on Money sales, Microsoft would compensate Novell with payments of "millions of dollars" if the product did not succeed. The implication is that the price reflects the value of the assets being transferred.

Novell has declined to comment on the Justice Department complaint.

However, at a recent computer industry conference, Mr Bob Frankenberg, Novell chief executive, said that he believed the merger of Microsoft and Intuit would be anticompetitive and should not be allowed to go ahead.

He said that Novell had made a "pragmatic business decision" in agreeing to acquire Microsoft's Money programme. It is clear, however, that Novell regards Money as a poor second choice and would prefer to continue its current licensing arrangement with Intuit.

Microsoft and Intuit have vowed to fight the Justice Department lawsuit "all the way through to make it happen". The companies said that they will seek a "speedy trial to prove that [the deal] should be allowed to proceed".

"This merger is very clearly in the interest of consumers," said Mr Bill Gates, Microsoft chairman and chief executive. Both software makers said they remain fully committed to their merger plans.

Microsoft and Intuit say they are confident that they can win. However, it could be months before the case is resolved and the delay will put pressure on the companies to either call off the merger or reach a settlement with the Justice Department, possibly forcing Microsoft to agree to license Quicken to third parties.

As Microsoft's lawyers gear up for a new battle with the Justice Department, it appears that antitrust concerns will continue to dog the company as it pursues new markets.

Prospect of nuclear power industry sell-off involves frightening and unique risks

From Mrs Ann Barrett.

Sir, As an anxious parent, I should feel happier about a nuclear power industry sell-off if I did not, at the same time, see the prospect of lower safety standards ("Nuclear power industry sell-off moves a step closer", April 20).

In a government green paper, published in August last year, it was proposed that low-level radioactive waste from the nuclear industry should be dumped on "landfill sites" all over the British Isles, to "relieve pressure on Drigg".

The "local landfill site" being considered for such dumping here in Cambridge is just across the road from a huge housing complex, and alongside the busy A10.

My daughter lives within half-a-mile of this site. That the government should even consider such dumping of low-level radioactive waste is appalling, but to contemplate this dangerous radioactive material in private hands,

influenced by greed, is frightening.

To read in *The Financial Times* ("Magnox station granted longer life", April 4) that the government is also proposing to extend "the operating life" of some of the old Magnox reactors - which includes Sizewell A in Suffolk - persuades me even more forcefully of safety standards in the nuclear industry is being seriously considered by the government.

As Dr Robert Gale, the American surgeon who treated the victims of Chernobyl, said in his book *Chernobyl: The Final Warning*, the nuclear industry is not like any other industry. He points out that it cannot tolerate the same risks as other industrial endeavours.

It cannot, therefore, be privatised in the same way as any other industry.

Ann Barrett, 8 Harrington Grove, Cambridge CB1 4TE, UK.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

Setting straight the self-assessment tax record

From Theresa Middleton.

Sir, Your newspaper recently carried a letter from Iain Ballie ("A meaningless demand by Inland Revenue over self-assessment", April 20), about the introduction of the self-assessment system of taxation and the time limits for sending back tax returns.

Mr Ballie was wrong to suggest that, when self-assessment starts, those people who are affected will have only 30 days in which to complete their tax returns.

The first self-assessment tax returns will be sent out in April, 1997. People will then have a choice.

If they want the Inland Revenue to calculate their tax bill, they will need to send the tax return in by September 30, 1997.

If they want to work out their own tax bill, then the tax return will have to be sent in by January 31, 1998.

Consequently, people will have a minimum of six months to complete their tax returns. If they choose to work out

Standard Life letter shatters domestic harmony at breakfast

From Mrs H. G. Montgomery.

Sir, I instructed Standard Life to sell my unit trust holdings. My husband sold his in a separate transaction.

Yet both settlement cheques arrived in the same envelope addressed to my husband. We were living in harmony until the post disrupted breakfast!

So much for the rights of married women to separate treatment in their financial affairs.

Standard Life should amend their archaic practices!

Mrs H. G. Montgomery, 20 Gould Road, Hampton Magna, Warwick CV36 3TU, UK.

Trading institutions need to re-examine risk and value

From Mr Stephen Kingsley.

It seems that, once again, discussion is developing as to how to pay traders in financial institutions ("Footloose traders", April 26).

The vast majority of financial intermediaries make a living by taking risk. That is demonstrably true of those that trade in the financial markets. The management and control of risk is an issue that runs to the core of what such financial intermediaries are about. Remuneration and incentive systems should be consistent with the risk appetite of the organisation, and should encourage employees to respect the risk management and control framework. Where pay is linked to results, it also needs to be linked to the risk taken to produce those results.

There are well established techniques for evaluating performance on this basis and, in theory, no reason why risk-adjusted remuneration should not become an industry norm. In assessing value added by the trading function, institu-

tions need to look beyond the risk taken towards areas which are more difficult to calibrate. These might include the benefits of seeing order flow, and using the institution's name and credit.

Managements face a variety of strategic and tactical challenges caused by deregulation and re-regulation, market transparency and volatility, and the competition these create. These forces have also exacerbated problems faced by managements in attempts to create a framework of risk management and control. The way in which important risk-takers are motivated and rewarded is central.

Managements should be encouraged to move in the direction of a more risk and business-based approach to motivating important risk-takers. The challenge that managements face is whether the market will accept that.

Stephen Kingsley, Arthur Andersen & Co, 1 Surrey Street, London WC2R 2PS, UK.

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CURRENCIES AND MONEY

MARKETS REPORT

Dollar stable

The dollar yesterday had another stable day, finishing the week much stronger than the market had expected given the disappointing G7 meeting in Washington, writes Philip Gault.

The dollar finished the week at DM1.3833 and ¥84.02, from DM1.3766 and ¥82.915 a week previously. The market had expected that the dollar would be punished if the G7 failed, as it did, to deliver a concrete support package for the currency.

The dollar has instead rallied slightly, and the mood towards it certainly appears to be more benign than a week ago.

The highlight in Europe was the good performance of the lira, while the franc retreated as political worries dominated in the run-up to next week's presidential election.

Sterling had an uneventful day, with the trade-weighted index finishing at 84.6 from 84.7.

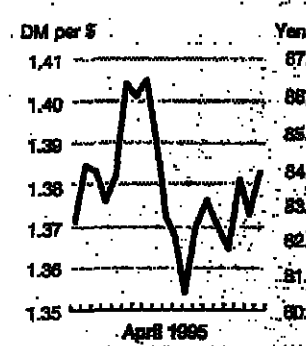
Traders have started to report corporate and investor clients buying the dollar on dips, rather than the previous pattern of selling it on rallies. Mr Mike Gallagher, analyst at IDEA, the financial markets consultancy, said the price action of the dollar, when weaker than expected US GDP figures were released, had been "very impressive".

With the GDP release seen as confirming that US interest

rates were likely to stay on hold for the time being, the dollar might have been expected to show weakness. That it did not provides evidence of a change in market sentiment.

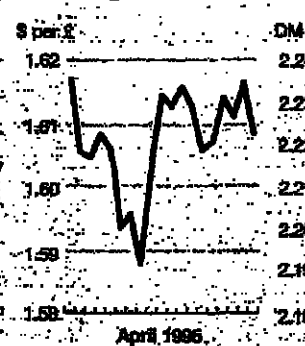
Technical analysis also provides some support for this thesis. Mr Charles Ronald, of

Dollar



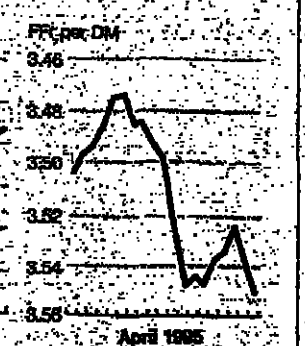
Source: Datastream

Sterling



Source: Datastream

D-Mark



Source: Datastream

Forex (UK), which specialises in technical analysis, said that moving averages show the dollar has turned against the yen. He said he expected it to reach ¥86 soon, and predicted that it could go as far as ¥90 if it breached this level.

He cautioned that this was only a short term prediction. So far there is no sign of a turn for the dollar against sterling and the D-Mark.

Other analysts said that following the very sharp fall in the first quarter, the dollar appeared to be in a consolida-

tion phase which could last some time yet.

Helped by the firmer dollar, most European currencies were firmer against the D-Mark, with the exception of the franc which is burdened by political risk. The franc closed at FF3.551, from FF3.538, against the D-Mark.

Mr Gallagher said a poll of 30 clients had established that the franc was expected to trade as low as FF3.57 against the D-Mark if Mr Chirac won the election, and FF3.60 if Mr Jos-

pin won.

He said the sense in the market was that political transition would bring with it a change in economic policy, possibly including a retreat from the franc fort policy.

In Italy, by contrast, the expectation that the way is clear for some sort of pension reform has helped the lira. The lira rose sharply yesterday to finish at L1.217 against the D-Mark, from L1.206. The lira rose by around 3.5 per cent on the week.

Mr Joe Prendergast, analyst at Paribas Capital Markets in London, said the lira could test L1.200, but would find progress beyond L1.170 difficult.

In the UK three month LIBOR continued to creep up, rising to 7.4 per cent, from 6.9 per cent. The Bank of England cleared a \$300m money market shortage at established rates.

The expectation of higher interest rates was reflected in the 91-day treasury bill tender, with the highest rate rising to 6.618 per cent, from 6.297 per cent last week.

Start rates are set for the US Dollar and Yen, others two days notice.

POUND SPOT FORWARD AGAINST THE POUND

| Apr 28 | Closing mid-point | Change on day | 24-hour spread | Day's high | Day's low | One month %PA | Three months %PA | One year %PA | Bank of England |
|--------------------|-------------------|---------------|----------------|------------|-----------|---------------|------------------|--------------|-----------------|
| Europe | 15.8508 | +0.0173 | 451 - 557 | 15.7051 | 15.8254 | 15.8278 | 1.8 | 15.8508 | 1.8 |
| Austria (Sch) | 15.8508 | +0.0173 | 451 - 557 | 15.7051 | 15.8254 | 15.8278 | 1.8 | 15.8508 | 1.8 |
| Belgium (Bfr) | 45.8528 | +0.172 | 485 - 772 | 45.9140 | 45.5200 | 45.8229 | 1.6 | 45.8528 | 1.6 |
| Denmark (DKr) | 8.7351 | +0.0107 | 305 - 396 | 8.7877 | 8.7238 | 8.7426 | -1.0 | 8.7451 | 0.2 |
| Finland (Fmk) | 6.8506 | +0.0048 | 455 - 557 | 6.8560 | 6.8455 | - | - | 6.85 | - |
| France (FFr) | 7.8982 | +0.0261 | 954 - 1010 | 7.9338 | 7.8636 | 7.9112 | -2.0 | 7.9221 | -1.2 |
| Germany (DM) | 2.2244 | +0.0028 | 238 - 251 | 2.2290 | 2.2203 | 2.2294 | 2.2 | 2.2115 | 2.3 |
| Greece (Dr) | 382.968 | +0.563 | 688 - 284 | 384.205 | 382.151 | - | - | 38.7 | - |
| Ireland (Ir£) | 0.9874 | +0.0008 | 681 - 681 | 0.9808 | 0.9854 | 0.987 | 0.5 | 0.9868 | 0.2 |
| Italy (Lit) | 270.538 | -4.143 | 478 - 637 | 274.01 | 267.06 | 271.63 | -4.4 | 272.62 | -3.6 |
| Japan (¥) | 45.8528 | +0.172 | 485 - 772 | 45.9140 | 45.5200 | 45.8229 | 1.6 | 45.8528 | 1.6 |
| Luxembourg (Lfr) | 2.4332 | +0.0061 | 920 - 944 | 2.4390 | 2.4278 | 2.4384 | 2.3 | 2.4288 | 2.6 |
| Netherlands (Gld) | 10.0128 | +0.0055 | 800 - 175 | 10.0487 | 9.9880 | 10.0041 | 1.0 | 9.9805 | 1.3 |
| Norway (Nkr) | 226.828 | +0.567 | 670 - 885 | 228.212 | 225.254 | 224.953 | 4.4 | 228.133 | -3.9 |
| Portugal (Esc) | 198.099 | -0.502 | 907 - 290 | 198.891 | 197.535 | 198.514 | -2.5 | 198.354 | -2.5 |
| Spain (Ptas) | 169.038 | -0.0587 | 839 - 338 | 170.033 | 168.038 | 169.038 | -2.1 | 171.038 | -2.7 |
| Sweden (Skr) | 11.6338 | +0.0057 | 839 - 338 | 11.7033 | 11.5689 | 11.6922 | -0.2 | 11.7005 | -0.2 |
| Switzerland (Sfr) | 1.8378 | +0.0098 | 367 - 398 | 1.8440 | 1.8299 | 1.8337 | 2.7 | 1.8242 | 3.0 |
| UK | 1.2134 | +0.002 | 127 - 140 | 1.2164 | 1.2107 | 1.2131 | 0.3 | 1.2118 | 0.5 |
| USA | 1.023400 | - | - | - | - | - | - | 1.02027 | - |
| Asia | - | - | - | - | - | - | - | - | - |
| Argentina (Piso) | 1.0098 | -0.0083 | 082 - 089 | 1.0198 | 1.0073 | - | - | - | - |
| Brazil (R\$) | 1.4669 | -0.0158 | 658 - 679 | 1.4799 | 1.4533 | - | - | - | - |
| Canada (C\$) | 2.1898 | -0.0172 | 890 - 905 | 2.2084 | 2.1697 | 2.1832 | -1.8 | 2.1976 | -1.4 |
| China (New P\$) | 5.9359 | +0.0151 | 931 - 765 | 5.9705 | 5.9188 | - | - | - | - |
| India (Rupee) | 1.6033 | +0.0035 | 080 - 085 | 1.6208 | 1.5973 | 1.6068 | 0.5 | 1.6064 | 0.7 |
| Japan (¥) | 1.023400 | - | - | - | - | - | - | 1.02027 | - |
| South Korea (Won) | 2.2113 | -0.0151 | 102 - 124 | 2.2311 | 2.2102 | 2.214 | -1.4 | 2.2184 | -1.3 |
| Hong Kong (HK\$) | 12.4540 | -0.0657 | 512 - 527 | 12.5286 | 12.4443 | 12.454 | -0.4 | 12.4466 | -0.4 |
| India (Rupee) | 50.5282 | +0.1838 | 548 - 107 | 50.9630 | 50.5548 | - | - | - | - |
| Israel (Nis) | 4.7755 | -0.0086 | 713 - 817 | 4.7978 | 4.7713 | - | - | - | - |
| Japan (¥) | 135.209 | -0.047 | 124 - 295 | 136.420 | 134.800 | 134.884 | 4.7 | 133.544 | 4.9 |
| Malaysia (RM) | 3.9755 | -0.0151 | 725 - 750 | 3.9967 | 3.9707 | - | - | - | - |
| New Zealand (NZ\$) | 2.3307 | -0.0094 | 894 - 919 | 2.3526 | 2.3084 | 2.339 | -2.7 | 2.4051 | -2.4 |
| Philippines (P\$) | 41.2970 | -0.1419 | 536 - 884 | 42.0884 | 40.545 | - | - | - | - |
| Saudi Arabia (SR) | 6.0357 | -0.0332 | 344 - 368 | 6.0779 | 6.0030 | - | - | - | - |
| Singapore (S\$) | 2.2425 | -0.0108 | 413 - 435 | 2.2534 | 2.2308 | - | - | - | - |
| South Africa (R) | 5.8211 | -0.0273 | 189 - 232 | 5.8641 | 5.8122 | - | - | - | - |
| South Korea (Won) | 1226.81 | -3.77 | 654 - 708 | 1235.38 | 1225.86 | - | - | - | - |
| Taiwan (NT\$) | 40.8774 | -0.2305 | 670 - 877 | 41.1616 | 40.8471 | - | - | - | - |
| Thailand (Baht) | 39.5795 | -0.1059 | 573 - 617 | 39.8304 | 39.3573 | - | - | - | - |

* Rates for Apr 27. Dollar spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling rates calculated by the Bank of England. Base average 1990 = 100. Index released 1/2003. Bid, Offer and Mid-Point in both the Dollar Spot table and the Dollar Spot table derived from the WIRETRANS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Apr 28 | Closing mid-point | Change on day | 24-hour spread | Day's high | Day's low | One month %PA | Three months %PA | One year %PA | J.P. Morgan |
|--------------------|-------------------|---------------|----------------|------------|-----------|---------------|------------------|--------------|-------------|
| Europe | 8.7258 | +0.0021 | 285 - 277 | 8.7400 | 8.6988 | 8.7138 | 1.5 | 8.6939 | 1.3 |
| Austria (Sch) | 8.7258 | +0.0021 | 285 - 277 | 8.7400 | 8.6988 | 8.7138 | 1.5 | 8.6939 | 1.3 |
| Belgium (Bfr) | 28.4905 | +0.2576 | 350 - 450 | 28.6900 | 28.1700 | 28.474 | 1.1 | 28.4448 | 0.8 |
| Denmark (DKr) | 5.4281 | +0.0221 | 281 - 300 | 5.4442 | 5.4085 | 5.4252 | -1.0 | 5.4297 | -0.7 |
| Finland (Fmk) | 4.2570 | +0.0195 | 455 - 595 | 4.2708 | 4.2332 | 4.2572 | -0.1 | 4.2585 | -0.1 |
| France (FFr) | 4.9080 | +0.0482 | 070 - 080 | 4.9180 | 4.8980 | 4.9185 | -2.5 | 4.9310 | -0.7 |
| Germany (DM) | 1.3823 | +0.0089 | 850 - 820 | 1.3947 | 1.3740 | 1.3894 | 1.6 | 1.3788 | 1.6 |
| Greece (Dr) | 225.550 | +1.54 | 400 - 700 | 225.760 | 224.140 | 227.48 | -10.3 | 221.335 | -10.3 |
| Ireland (Ir£) | 1.2899 | -0.0077 | 289 - 308 | 1.3414 | 1.2821 | 1.2806 | -0.5 | 1.2822 | -0.5 |
| Italy (Lit) | 1.8817 | -0.173 | 103 - 150 | 1.9010 | 1.8750 | 1.8832 | -0.0 | 1.8767 | -0.0 |
| Luxembourg (Lfr) | 2.4332 | +0.0061 | 920 - 944 | 2.4390 | 2.4278 | 2.4384 | 2.3 | 2.4288 | 2.6 |
| Netherlands (Gld) | 1.6428 | +0.0072 | 488 - 498 | 1.6522 | 1.6334 | 1.6472 | 1.6 | 1.643 | 1.6 |
| Norway (Nkr) | 6.2220 | +0.0361 | 200 - 240 | 6.2384 | 6.1864 | 6.219 | 0.5 | 6.2107 | 0.5 |
| Portugal (Esc) | 145.545 | +1.125 | 470 - 620 | 146.820 | 143.600 | 147.045 | -4.1 | 148.10 | -4.5 |
| Spain (Ptas) | 123.100 | +0.004 | 200 - 200 | 123.200 | 122.900 | 123.41 | -0.0 | 124.1 | -3.2 |
| Sweden (Skr) | 7.2896 | +0.0021 | 615 - 715 | 7.2920 | 7.2865 | 7.2838 | -2.3 | 7.2188 | -2.3 |
| Switzerland (Sfr) | 1.1420 | +0.0085 | 415 - 425 | 1.1445 | 1.1395 | 1.1392 | 2.3 | 1.1343 | 2.7 |
| UK | 1.2134 | +0.002 | 127 - 140 | 1.2164 | 1.2107 | 1.2131 | 0.3 | 1.2118 | 0.5 |
| USA | 1.023400 | - | - | - | - | - | - | 1.02027 | - |
| Asia | - | - | - | - | - | - | - | - | - |
| Argentina (Piso) | 0.9996 | -0.0005 | 905 - 996 | 0.9996 | 0.9996 | - | - | - | - |
| Brazil (R\$) | 0.9115 | -0.005 | 110 - 120 | 0.9140 | 0.9090 | - | - | - | - |
| Canada (C\$) | 2.1898 | -0.0094 | 890 - 905 | 2.1842 | 2.1955 | 1.8332 | -2.1 | 1.8387 | -1.7 |
| China (New P\$) | 5.9359 | +0.0151 | 931 - 765 | 5.9705 | 5.9188 | 5.9272 | -0.5 | 5.9304 | -0.4 |
| India (Rupee) | 1.6033 | +0.0035 | 080 - 085 | 1.6208 | 1.5973 | - | - | - | - |
| Japan (¥) | 1.023400 | - | - | - | - | - | - | 1.02027 | - |
| South Korea (Won) | 2.2113 | -0.0151 | 102 - 124 | 2.2311 | 2.2102 | 2.214 | -1.4 | 2.2184 | -1.3 |
| Hong Kong (HK\$) | 12.4540 | -0.0657 | 512 - 527 | 12.5286 | 12.4443 | 12.454 | -0.4 | 12.4466 | -0.4 |
| India (Rupee) | 50.5282 | +0.1838 | 548 - 107 | 50.9630 | 50.5548 | - | - | - | - |
| Israel (Nis) | 4.7755 | -0.0086 | 713 - 817 | 4.7978 | 4.7713 | - | - | - | - |
| Japan (¥) | 135.209 | -0.047 | 124 - 295 | 136.420 | 134.800 | 134.884 | 4.7 | 133.544 | 4.9 |
| Malaysia (RM) | 3.9755 | -0.0151 | 725 - 750 | 3.9967 | 3.9707 | - | - | - | - |
| New Zealand (NZ\$) | 2.3307 | -0.0094 | 894 - 919 | 2.3526 | 2.3084 | 2.339 | -2.7 | 2.4051 | -2.4 |
| Philippines (P\$) | 41.2970 | -0.1419 | 536 - 884 | 42.0884 | 40.545 | - | - | - | - |
| Saudi Arabia (SR) | 6.0357 | -0.0332 | 344 - 368 | 6.0779 | 6.0030 | - | - | - | - |
| Singapore (S\$) | 2.2425 | -0.0108 | 413 - 435 | 2.2534 | 2.2308 | - | - | - | - |
| South Africa (R) | 5.8211 | -0.0273 | 189 - 232 | 5.8641 | 5.8122 | - | - | - | - |
| South Korea (Won) | 1226.81 | -3.77 | 654 - 708 | 1235.38 | 1225.86 | - | - | - | - |
| Taiwan (NT\$) | 40.8774 | -0.2305 | 670 - 877 | 41.1616 | 40.8471 | - | - | - | - |
| Thailand (Baht) | 39.5795 | -0.1059 | 573 - 617 | 39.8304 | 39.3573 | - | - | - | - |

* Rates for Apr 27. Dollar spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling rates calculated by the Bank of England. Base average 1990 = 100. Index released 1/2003. Bid, Offer and Mid-Point in both the Dollar Spot table and the Dollar Spot table derived from the WIRETRANS CLOSING SPOT RATES. Some values are rounded by the F.T.

CROSS-RATES AND DERIVATIVES

EXCHANGE CROSS RATES

| Apr 28 | Bfr | DKr | FFr | DM | £ | L | ¥ | Nkr | S\$ | CS | S | Y | Eu |
|-------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Belgium (Bfr) | 100 | 19.35 | 17.22 | 4.850 | 2.152 | 0.901 | 5.435 | 21.83 | 514.2 | 232.0 | 25.48 | 4.008 | 2.181 |
| Denmark (DKr) | 52.50 | 100 | 9.042 | 2.546 | 1.130 | 3098 | 2.854 | 11.45 | 250.6 | 128.8 | 13.38 | 2.103 | 1.145 |
| France (FFr) | 58.07 | 11.06 | 100 | 2.218 | 1.280 | 9426 | 3.156 | 12.87 | 298.6 | 200.8 | 14.80 | 2.328 | 1.286 |
| Germany (DM) | 20.62 | 3.928 | 0.851 | 100 | 4.444 | 1217 | 1.121 | 4.501 | 102.0 | 80.07 | 5.255 | 0.825 | 0.450 |
| Greece (Dr) | 46.48 | 8.850 | 8.002 | 2.253 | 1.242 | 2742 | 2.555 | 10.14 | 236.9 | 200.7 | 11.84 | 1.861 | 1.013 |
| Italy (Lit) | 1.695 | 0.323 | 0.292 | 0.082 | 0.036 | 100 | 0.082 | 0.370 | 8.714 | 7.321 | 0.432 | 0.088 | 0.037 |
| Netherlands (Gld) | 1.618 | 0.304 | 0.288 | 0.082 | 0.036 | 100 | 1 | 4.015 | 94.58 | 78.48 | 4.888 | 0.737 | 0.401 |
| Norway (Nkr) | 45.81 | 8.726 | 7.880 | 2.222 | 0.986 | 2703 | 2.481 | 10 | 235.8 | 197.9 | 11.68 | 1.835 | 1.013 |
| Portugal (Esc) | 19.45 | 3.704 | 3.349 | 0.943 | 0.419 | 1148 | 1.057 | 4.245 | 100 | 84.01 | 9.598 | 1.501 | 0.827 |
| Spain (Ptas) | 33.15 | 4.409 | 3.987 | 1.123 | 0.498 | 1366 | 1.258 | 5.053 | 119.0 | 100 | 4.901 | 0.827 | 0.450 |
| Sweden (Skr) | 22.23 | 7.472 | 6.785 | 1.902 | 0.848 | 2315 | 2.138 | 8.593 | 207.1 | 169.0 | 10 | 1.571 | 0.827 |
| Switzerland (Sfr) | 24.96 | 4.732 | 4.377 | 1473 | 1473 | 1473 | 1473 | 1473 | 1473 | 1473 | 1473 | 1473 | 1473 |
| UK (£) | 45.86 | 8.726 | 7.880 | 2.222 | 0.987 | 2706 | 2.483 | 10.01 | 235.8 | 198.1 | 11.69 | 1.837 | 1.013 |
| Canada (C\$) | 20.95 | 3.999 | 3.608 | 1.015 | 0.451 | 1236 | 1.139 | 4.573 | 107.7 | 90.50 | 5.340 | 0.839 | 0.450 |
| US (US\$) | 28.50 | 5.429 | 4.909 | 1.382 | 0.613 | 1682 | 1.548 | 6.221 | 146.8 | 123.1 | 7.265 | 1.142 | 0.613 |
| Yen (¥) | 31.92 | 6.451 | 5.901 | 1.644 | 0.701 | 2001 | 1.844 | 7.458 | 174.8 | 146.6 | 8.359 | 1.355 | 0.701 |
| Yuan (Rmb) | 37.81 | 7.201 | 6.511 | 1.833 | 0.814 | 2221 | 2.055 | 8.252 | 194.4 | 163.3 | 8.637 | 1.514 | 0.814 |

Source: Reuters, London, April 28, 1984. Figures are for the closing of the day. * Figures are for the closing of the day. ** Figures are for the closing of the day. *** Figures are for the closing of the day. **** Figures are for the closing of the day. ***** Figures are for the closing of the day.

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AMERICA

Renewed inflation fears weigh on Dow

Wall Street

US shares took a breather from their recent record breaking pace in early trading yesterday amid renewed fears that inflationary pressures remained in the economy, writes Lisa Branson in New York.

At 1 pm the Dow Industrial Average was off 8.99 at 4,305.71, retreating from Thursday's record close at 4,314.70. The Nasdaq composite was off 0.11 at 840.84. The Standard & Poor's 500 lost 0.74 at 512.81, and the American Stock Exchange composite was up 0.96 at 475.54. Volume on the NYSE was 185m shares.

Bonds sank at mid-morning after a report from the Purchasing Management Association of Chicago showed business activity up sharply in April. Although the report is regional, it is regarded as an

important indication of likely figures from the National Association of Purchasing Management, due to be released on Monday.

But bond traders took almost no notice of a weaker-than-expected estimate of gross domestic product for the first quarter. The dollar did, however, offer the market some support.

Corn lost more than 10 per cent of its value, falling \$3 at \$33 in exceptionally heavy volume. The company held a meeting with analysts yesterday, but at midday declined to comment on the stock activity.

Technology issues, which surged nearly every day this week on the back of a strong earnings report from IBM, posted a modest retreat. Since 19 April, IBM had risen more than 10 per cent, but yesterday Big Blue dropped \$2 at \$94.

On the Nasdaq declines in some technology companies were enough to pull the entire index lower although its two largest components had strong days. Microsoft rose 2% at \$51 and Intel gained \$1 at \$102.

Intel continued the slide begun on Thursday after the Justice Department filed a suit to prevent Microsoft from acquiring the financial software company. Its shares dropped 3% at \$89.

Other companies that gave up recent gains included Cyrix, down 1% at \$24, Dell Computer, \$1 lower at \$33, and Gateway 2000, 2% lower at \$19.

IBM posted the biggest decline on the Dow, but Disney and DuPont also contributed to the index's downturn yesterday as they fell prey to profit-taking. Disney was \$14 lower at \$55, and DuPont dropped \$1 at \$65.

Latin America

Senior markets in the region were lower for a variety of reasons.

S&P PAULO dropped 0.9 per cent in light midsession trading after an early attempt to extend gains which added up to more than 27 per cent over the previous nine days. Profit-taking took the Ibovesa index down 330 to 38,181 at 1300 local time, in turnover of R\$154.2m (\$168.7m).

Investors were also attempting to digest Thursday's government announcement of new measures aimed at restricting consumption.

BUENOS AIRES blamed a poll indicating that President Carlos Menem's wide margin over other candidates in upcoming elections is narrowing as the Merval index lost an early 2.1 per cent to

400.71. But it also saw heavy falls in banks, Banco Francés and Banco de Galicia losing 7.5 and 5.9 per cent respectively after a Morgan Stanley downgrade from neutral to underperform.

MEXICO CITY dropped an early 1 per cent as the market heavyweight, Telcel, fell 2.2 per cent and dragged the IPC index down 20.24 to 1,965.38.

Canada

Toronto was lower at midday on profit-taking and the TSE-300 Composite index was 13.2 down at 4,261.60 in volume of 32.70m shares.

The gold sector surrendered early gains, leading 11 of the 14 sub indices into weaker territory. Golds and precious metals fell 97.29 to 935.72 as Comex gold prices turned weaker. Placer Dome fell 0.5% to C\$32.4.

Stockholm cheered by good corporate news

Christopher Brown-Humes charts Swedish equities

Who would have guessed it in a week when Sweden again failed to get tough with the crisis in its finances, the krona rose, interest rates fell sharply, and the stock market had one of its best runs for a year.

The Affarsvården general index closed yesterday up 17.2 at 1,566.3, for a 3.4 per cent rise on the week. Swedish equities are up 6.5 per cent in local currency terms this year, and while the numbers are less enticing for hard currency investors, the D-Mark terms, there is a fall of 3.4 per cent.

The market has attracted critical support from domestic and international analysts. The day's 1.1 per cent market rise was supported by rumours that a big Swedish group was to be the subject of a takeover bid.

The week's key event was Tuesday's supplementary budget, widely looked in advance. Market watchers were reconciled to the prospect that it would fail to deliver the hefty spending cuts thought necessary to correct the country's fiscal imbalances. And so it proved. Net new savings were just SKr3.6bn, a drop in the ocean compared with a budget deficit of SKr160bn, or more than 10 per cent of gross national product.

But with the budget out of the way, an element of uncertainty was removed and attention switched from the political to the corporate arena. Here there was much better news.

The steel producer, SSAB, Autoliv, a big producer of car safety equipment, and SKF, the world's leading maker of roller bearings, all produced exceptional first quarter figures, as much as 50 per cent ahead of market estimates. Their performance testified to the remarkable strength of the Swedish export sector, which is heading for record profits in 1995 on the back of a weak currency, rising European demand, and productivity gains.

The results also showed how much Sweden's multinationals, which dominate the stock exchange, are shielded from the misfortunes in the domestic economy by having such a

large proportion of their sales in markets abroad.

"The Swedish economy depends on these companies, but they don't depend on the Swedish economy," says Mr Christian Diebitz, Scandinavian analyst with Paribas Capital Markets in London.

Another piece of cheery news last week was evidence that foreigners were heavy net buyers of Swedish shares in March, after two consecutive months of net selling.

This is important psychologically because foreign buying has done more than anything to propel Swedish share prices up since the country's devaluation in November 1992.

Some estimates suggest, for instance, that nearly 30 per cent of the country's capital, compared with less than 10 per cent three years ago. Last year alone foreigners were net buyers of a staggering SKr47.9bn worth of Swedish shares.

Foreigners have targeted two companies: Ericsson, the telecoms group, whose profits are soaring on the back of the world mobile telephony boom, and Astra, the fast-growing pharmaceuticals company.

Shares in both companies, Sweden's biggest by market capitalisation, have risen strongly because of a general switch from cyclical to growth stocks, and because their fortunes seem relentlessly on the rise. Ericsson, for example, is set to win big equipment orders after the recent auction of mobile telephone licences in

the US. Astra continues to benefit from booming sales of Loser, the anti-ulcer treatment that has become the world's second best-selling drug.

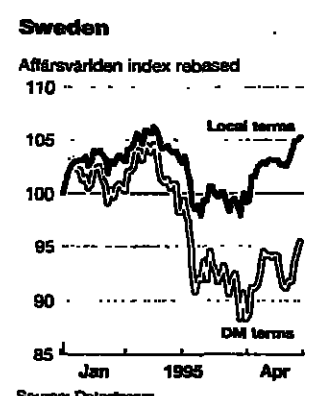
Cyclical may have been out of fashion, particularly with US investors, in the immediate aftermath of the Mexican crisis, but they have enjoyed a revival in interest in the past two weeks. The Swedish pulp and paper sector, benefiting from surging volumes and prices, has been a clear beneficiary of this trend.

The most vulnerable sectors are those most exposed to the domestic economy, which remains depressed by weak consumer spending and high interest rates. Interest-sensitive stocks, such as banks, construction and real estate groups, have continued to fluctuate in tandem with bond yields. A reminder of Sweden's banking crisis came with last week's poorer-than-expected first quarter figures from Skandinaviska Enskilda Banken, a leading commercial bank.

Immediate prospects will continue to depend on developments in the bond and currency markets, particularly on the progress of the dollar.

The market looks attractive on fundamentals. It is trading on a prospective price/earnings ratio of 9.4, against a European average closer to 14. If first quarter figures from Sweden's other big multinationals match those announced, there would seem to be scope for further price gains.

Mr Francois Langlade-Demoyen, European equity strategist at CS First Boston, upgraded Sweden this week. Mr Roland Jansson, head of Swedish research at SG Warburg's office in Stockholm, believes Swedish equities could climb 10 to 15 per cent in the next three to six months. But he warns that the scope for outperformance thereafter could be limited by a slowing rate of growth in the corporate sector. "Sweden is more cyclical than other markets and it is more exposed to a slowdown in the US than other markets," he notes.



Source: Datastream

EUROPE

London demand revives for Swiss financials

Bourses were mixed in pre-holiday trading, writes Our Markets Staff.

ZURICH rose 1.2 per cent on a revival in demand for financial stocks, which found support in data showing year-on-year inflation steady at 1.5 per cent.

The SMI index rose 30.2 to 2,579.2, a 0.7 per cent rise on the week, with the slightly higher dollar and US GDP data adding to the positive mood.

Among banks, UBS gained SF7 to SF11.04 as investors assessed the outcome of Thursday's shareholders meeting. Swiss Re led the advance in the insurance sector, the registered picking up SF24 to SF79.9 following Credit Suisse's forecast of excellent 1994 results and a higher dividend.

Roche certificates continued their rally, gaining SF7.6 to SF14.85, in response to the 1994 results. Holderbank rose another SF15 to SF19.30.

Holvis rose SF16 to SF45.3 on expectations of a higher bid to rival the SF435 a share offered by International Paper.

MILAN remained enthusiastic about the prospects for agreement on pension reform and the Comit index rose 4.38

FT-SE Actuaries Share Indices

| Apr 28 | Apr 27 | Apr 26 | Apr 25 | Apr 24 | Apr 21 |
|-----------|---------|---------|---------|---------|---------|
| FT-SE 100 | 1310.38 | 1309.48 | 1310.17 | 1310.18 | 1310.13 |
| FT-SE 200 | 1405.02 | 1403.63 | 1403.32 | 1403.78 | 1403.70 |
| FT-SE 300 | 1405.02 | 1403.63 | 1403.32 | 1403.78 | 1403.70 |
| FT-SE 400 | 1405.02 | 1403.63 | 1403.32 | 1403.78 | 1403.70 |
| FT-SE 500 | 1405.02 | 1403.63 | 1403.32 | 1403.78 | 1403.70 |

Base 100 (FT-SE Actuaries) 100 = 1213.28, 200 = 1411.11, 300 = 1308.71, 400 = 1401.14, 500 = 1401.14

in late trade to finish L178 higher at L16,885. Late on Thursday, the group announced disposals worth L400bn to finance investment in SME, the foods group.

FRANKFURT closed the post-bourse with the Dax index down 6.30 to 2,017.95 on the day, but up 1.5 per cent on the week. Turnover fell again, from DM7.3bn to DM5.1bn.

German equities rose 4.9 per cent in April, according to Mr Frank Frick at Merck Finck in Düsseldorf, trimming their decline to 4.3 per cent for the year to date. The question now, he said, was whether the old English adage, "sell in May and go away," was appropriate.

Bund yields, he said, had fallen from around 7.50 per cent at the end last year to 6.8 per cent, and opinion favoured

the prospect of a correction in May/June. This would affect the banks, particularly Bayernnyp and Bayernverien which fell DM6 to DM3.88, and DM9 to DM2.97 yesterday.

The best performers in the Dax in January/April were nearly all defensive stocks, RWE and Viag leading with gains of 7 and 6.1 per cent, respectively at the year. This changed in April, BASF and Volkswagen each rising by 10.9 per cent. Chemicals stocks have been producing surprisingly good first quarter figures, and VW had recovery scope after underperformance in January/March.

PARIS fell on pre-election nerves and a slightly weaker franc, the CAC-40 losing 12.50 to 1,918.46 for a fall on the week of 0.5 per cent.

Turnover was FF4.4bn. Eurochemie was off 55 centimes or 3.4 per cent at FF11.35; its chief executive blamed a bad marketing strategy for the poor passenger levels on the Eurostar service between London and Brussels. The shares were also placed on a "warning" list by the COB, the stock exchange watchdog.

Most of the session's activity was seen in the oil majors, Total and Elf Aquitaine, with the former down FF6.70 to FF307.20 and the latter losing FF6.80 to FF382.70.

AMSTERDAM concentrated on leading international as the AEX index rose 1.35 to 416.89, up 2.2 per cent on the week. Philips followed first quarter figures above expectations with a further rise of 40 cents to FF150.20, bringing its gain on the week to 6.8 per cent. Borsumil Wehry, however, lost FF1.00 to FF27.70 on reports that the chairman of the trading company was to be investigated on allegations of insider trading.

Written and edited by William Cochrane, Michael Morgan and John Pitt

SAOUTH AFRICA Shares ended quietly in a session characterised by thin volume ahead of the long May Day weekend. Gold stocks drifted down on a mild bout of profit-taking which left the index off 9.3 at 1,456.0. The overall index put on 12.6 to 5,477.66 and industrials 19.3 to 6,844.6.

Turnover shrank from HK\$2.7bn to HK\$1.8bn. Bankers said that the resignation of the Beijing party chief Chen Xibing, announced overnight, had no significant impact on the market, as it had been rumoured for quite some time.

KUALA LUMPUR saw institutional blue chip buying, and the KLCSE composite index rose 9.36 to 561.80, 2.7 per cent down on the week. Dealers said that sentiment was still affected by worries that Bank Negara would tighten interest rates in order to cool an overheating economy.

TAIPEI went back into decline, the weighted index ending 72.54 down at 5,825.99, 2 per cent down on the week and 10.7 per cent lower on the month. Turnover was modest at T\$439.7bn.

ASIA PACIFIC

Bangkok leads region with 3% rise

Tokyo

Position adjustment ahead of the Golden Week holidays depressed share prices, although most investors remained inactive due to worries regarding currency fluctuations, writes Emiko Terazono in Tokyo.

The Nikkei 225 index lost 77.24 to 16,806.75, a 1 per cent decline on the week, having fluctuated between 16,740.43 and 16,869.47. Volume was 180m shares against 214m.

Concern over the yen during the forthcoming holidays discouraged most investors from trading. Although financial markets are open on Monday and Tuesday, activity is expected to remain subdued.

The Topix index of all first section stocks fell 2.39 to 1,331.83 and the Nikkei 300 retreated 0.24 to 2,470.00. Declines outnumbered advances 698 to 315 with 194 issues unchanged. In London, the ISE/Nikkei 50 index slipped 0.13 to 1,101.88.

In contrast to the main markets, trading on the over-the-counter market was brisk as speculative investors who had traded in NTT Data Communications, which is listed on the second section, shifted their interest to smaller stocks.

The OTC index rose 28.60 to 1,336.57 and NTT Data fell ¥40.00 to ¥143.0m on profit-taking following two consecutive days of gains.

Oil refiners, which had gained ground during the past few days on higher crude oil prices, fell on position adjustment. Nippon Oil lost ¥5 to ¥570 and Cosmo Oil ¥1 to ¥508.

Selling continued to depress Hyogo Bank, off ¥32 to ¥205, on concerns over its reported rescue plan by creditors and the Bank of Japan.

In Osaka, the OSE average declined 96.27 to 16,207.61 in volume of 9.7m shares.

Roundup The region saw some strong contrasts in sentiment, with foreign buying and Wall Street's gains an influence on the upside, and political and financial uncertainties hitting the legacies.

BANGKOK was the day's best performer, as the SET index gained 3 per cent both on the day and on the week, up 35.83 at 1,208.68. Turnover was a substantial \$15bn, against Thursday's \$14bn.

Some traders attributed the rise to Japanese buying. The finance sector recorded the biggest improvement, up 7.8 per cent.

BOMBAY moved in the opposite direction, falling heavily on renewed selling of blue chips, while also being dogged by political problems and a delay in re-introducing forward trading. The BSE 30-share index lost 77.43 to 3,133.26, bringing its fall on the week to about 6 per cent.

Reliance Industries lost ₹57.25 to ₹548.45 in spite of announcing a rise of 35 per cent in net profit, which were at the lower end of analysts' expectations.

SYDNEY followed the Dow, the All Ordinaries index closing 17.8 higher at a seven-and-a-half month high of 2,050.3, 2.5 per cent up on the week. The market rose on a combination of higher commodity prices, weaker than expected inflation data on Thursday and business

created by the expiry of April dated stock options.

HONG KONG reversed early losses, the Hang Seng index ending 48.74 higher at 8,361.03, off a low of 8,236.63 but 3.3 per cent down on a week dictated by rumours about the health of the Chinese leader, Deng Xiaoping.

Turnover shrank from HK\$2.7bn to HK\$1.8bn. Bankers said that the resignation of the Beijing party chief Chen Xibing, announced overnight, had no significant impact on the market, as it had been rumoured for quite some time.

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KUALA LUMPUR saw institutional blue chip buying, and the KLCSE composite index rose 9.36 to 561.80, 2.7 per cent down on the week. Dealers said that sentiment was still affected by worries that Bank Negara would tighten interest rates in order to cool an overheating economy.

TAIPEI went back into decline, the weighted index ending 72.54 down at 5,825.99, 2 per cent down on the week and 10.7 per cent lower on the month. Turnover was modest at T\$439.7bn.

Written and edited by William Cochrane, Michael Morgan and John Pitt

SAOUTH AFRICA Shares ended quietly in a session characterised by thin volume ahead of the long May Day weekend. Gold stocks drifted down on a mild bout of profit-taking which left the index off 9.3 at 1,456.0. The overall index put on 12.6 to 5,477.66 and industrials 19.3 to 6,844.6.

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LONDON EQUITIES

LIFE EQUITY OPTIONS

| Option | Call | Put | Option | Call | Put |
|----------|-------------------------|-------------------------|----------|-------------------------|-------------------------|
| May 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 | May 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 |
| Jun 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 | Jun 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 |
| Jul 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 | Jul 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 |
| Aug 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 | Aug 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 |
| Sep 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 | Sep 1995 | 100 100 100 100 100 100 | 100 100 100 100 100 100 |

RISKS AND FALLS

| | On Friday | | | On the week | | |
|--------------------------|-----------|-------|-------|-------------|-------|-------|
| | Rises | Falls | Same | Rises | Falls | Same |
| Britain's Funds | 4 | 65 | 4 | 81 | 228 | 53 |
| Other Foreign Investment | 1 | 9 | 4 | 6 | 10 | 48 |
| Mineral Extraction | 112 | 32 | 93 | 308 | 401 | 475 |
| General Manufacturers | 145 | 119 | 415 | 704 | 567 | 2,116 |
| Consumer Goods | 67 | 42 | 113 | 271 | 188 | 851 |
| Services | 142 | 90 | 325 | 877 | 411 | 1,701 |
| Utilities | 18 | 18 | 15 | 70 | 91 | 80 |
| Financials | 108 | 80 | 236 | 453 | 530 | 1,137 |
| Investment Trusts | 131 | 71 | 393 | 715 | 348 | 1,852 |
| Others | 36 | 33 | 12 | 179 | 195 | 120 |
| Totals | 784 | 558 | 1,610 | 3,525 | 2,875 | 6,243 |

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

| | | | |
|----------------|----------|------------|---------|
| First Dealings | April 15 | Expiry | July 27 |
| Last Dealings | April 28 | Settlement | Aug 3 |

Calls: Aram Energy, Kamrose Res, Macdon, Tullow Oil, Wilshire. Puts: Tullow Oil.
Puts & Calls: Aram Energy.

LONDON SECURITIES ISSUES - EQUITIES

Data based on those companies listed on the London Stock Exchange.

TRADITIONAL OPTIONS

| First Dealings | April 16 | Expiry | July 27 |
|--|----------|------------|---------|
| Last Dealings | April 28 | Settlement | Aug 3 |
| Call: Aram Energy, Karama Res, Madawa, Tullow Oil, Wabash, Puts: Tullow Oil, Puts & Call: Aram Energy. | | | |

LONDON RECENT ISSUES: EQUITIES

| RIGHTS OFFERS | | | | | | | |
|---------------------|----------------------|--------------------------|-----------------|-----------------|-------------------|-----------------------|------|
| Issue price p | Amount paid up | Latest Annun- date | 1995 | | | Closing price p | +or- |
| | | | High | Low | Stock | | |
| 23 62 | Nil | 31/5 7/0 | 1 1/2pm 16pm | 1 1/2pm 11pm | Bolton Rusland | 1 1/2pm 11pm | |

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Chinese leadership tensions rise

By Tony Walker in Hong Kong

The sudden resignation this week of Mr Chen Xitong, Communist party boss in Beijing, has highlighted Chinese leadership tensions and raised doubts about an orderly transition after the death of the national leader, Mr Deng Xiaoping.

The Chinese press yesterday reported the resignation of Mr Chen, saying that he had taken responsibility for the suicide earlier this month of Mr Wang Baosen, a Beijing vice-mayor under investigation for corruption. Officials linked Mr Chen's resignation to the country's anti-corruption drive.

But reasons for the forced resignation of the Communist party's most senior officials go deeper and are almost certainly connected with a broader struggle in the higher echelons of China's ruling elite.

Smooth transfer of power at risk after Beijing party boss quits

His departure raises the question whether factional conflict for influence around the ailing Mr Deng will be contained or whether it will spread and threaten a smooth transfer of power. Mr Jiang Zemin, the general secretary of the Communist party and Mr Deng's official successor, personally authorised the removal of Mr Chen.

The announcement of his resignation coincided with another spate of rumours about the Chinese patriarch's deteriorating health. While these were denied officially, the speculation is contributing to an impression that all is not well in Beijing.

Mr Jiang must know that he has embarked on a risky course, since the sacking of the once

powerful Mr Chen, a member of the politburo, could yet rebound on Mr Jiang because his own grip on power is far from assured. At the least, this week's events in Beijing will add to uneasiness in China as it prepares for life after Mr Deng.

In forcing the resignation of Mr Chen, the most senior casualty of the anti-corruption drive, Mr Jiang has effectively challenged other officials suspected of misbehaviour. But he will also know that members of his own faction are possible targets of corruption charges.

Mr Jiang, according to a Chinese official in Beijing, had not planned to force the pace in the corruption drive, but the death of Mr Wang and attendant pub-

licity pushed him into moving decisively against the Beijing municipality which had, for months, been beset by scandal.

If Mr Jiang had delayed, he risked undermining his own attempts to present himself as the leader of the campaign to "purify" the Communist party, whose credibility has suffered grievous harm because of a widespread perception that officials are more interested in enriching themselves than they are in the public good.

Mr Chen had long been close to Mr Deng, as had other figures in the Beijing municipality who are also under threat. China's ailing leader was either unable or unwilling to protect the Beijing party boss. This suggests the end is drawing nearer for Mr Deng. But for his possible successors, this week's events could be the beginning of a new phase in the fight for his legacy.

Dollar fall

Continued from Page 1

has hammered Japanese companies' export earnings and contributed to a decline in domestic prices, threatening to push the economy back into recession.

Japanese anxiety was deepened by the failure of the Group of Seven leading industrialised countries, meeting in Washington this week, to take specific steps to bolster the dollar. Barter, Mr Masayoshi Takemura, the finance minister, said "We have taken the yen's rapid appreciation seriously since early March. Yet the US has not shown a clear positive stance."

Japan's 2.9 per cent jobless rate in fiscal 1994, up 0.3 percentage points from the previous year, was worse than the 2.9 per cent unemployment rate seen in 1986 and 1987, in the face of the yen's sharp rise after the Plaza Accord, which saw international action to rein in the soaring dollar.

Japanese officials and analysts expect unemployment to worsen as the impact of the Kobe earthquake and the yen's latest upsurge are felt more widely.

In the markets yesterday the dollar maintained this week's firmer showing, closing higher against both the yen and the D-Mark.

Orkney wins contract to handle Atlantic oil

By James Buxton and Robert Corzine in London

Orkney, off the northern coast of Scotland, has been chosen to handle the oil from the first commercial field, 120 miles to the west, to be developed in the deep Atlantic waters.

British Petroleum said yesterday it intends to award a five-year contract for the transportation of oil from its Foinaven field to the Flotta oil terminal in Orkney, which is operated by Elf Eclairage.

The decision is seen as a blow to Shell's Sullom Voe terminal, the future of which was put in doubt recently when Shell, one of its main users, announced that it was studying alternative ways to ship its oil to market.

It will increase pressure on Shell's Sullom Voe terminal to improve the terms which it imposes on BP as operator of the terminal. This is in the hope that oil shipments from fields in the Atlantic Frontier, the UK's newest oil producing area, come



BP's decision to choose Flotta rather than Sullom Voe was greeted with jubilation in Kirkwall, Orkney's capital.

"We wanted to correct the impression that oil from the new fields would automatically go to Shell," Mr Hugh Halcro-Johnson, convener of Orkney islands council, said yesterday.

To help Elf win the contract, Orkney islands council is to waive handling charges on the tankers bringing the oil to the terminal, and will help to finance new facilities costing £2m-£3m.

Nigg, a terminal on the Scottish mainland, also bid for the Foinaven contract. Production from Foinaven will begin early next year and is expected to reach 80,000 barrels a day. It will be based on a floating production and storage vessel, and the oil will be shipped to Flotta in shuttle tankers every four days or so.

Shell will also be anxious to ensure that Sullom Voe is chosen as the terminal for any pipeline built from the new fields.

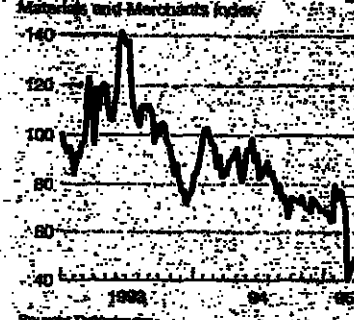
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Costain Group

Shares price relative to the FT-SE-A Building Materials and Merchants Index



The management must therefore feel somewhat exposed to predatory attention, since any buyer could comfortably float off the rental business as a stand-alone company. Nonetheless, an agreement for sale of EMI is extremely unlikely. The tax implications of an outright disposal would mitigate any benefits, unless a predator offers a substantial premium for control.

Disney's rumoured interest will at least increase pressure on the management to try to unlock the additional value represented by EMI. Demerger proposals were stalled a year ago, due to a tax liability of up to £150m. Subsequent disposals have lessened the future tax burden. There is no reason why careful tax planning over the next year should not make demerger an achievable goal.

Thorn EMI

Thorn EMI's glitzy music business always sat oddly with its slightly shabby, if hugely cash-generative, television rental business. The contrast has become more marked with the clearing out of Thorn's ragbag of other businesses, so it is hardly surprising there should be speculation about an EMI sell-off. But if EMI were to go, it ought to achieve a substantially higher offer than the \$3m that is the latest rumoured price tag - this time from Disney.

The music business should produce revenues of more than £2.1bn (£3.4bn) and profits of close to £300m this year. An industry yardstick valuation of two times revenues - which has some foundation, given previous deals - suggests a valuation of close to £4.2bn. EMI's entire current market capitalisa-

UK mortgages

The OFT's investigation into the mortgage industry, widely expected to be a savage indictment of the mis-selling of endowment products, proved hugely disappointing. It was not as though the OFT did not have a large target at which to aim. Between 1988 and 1993, the proportion of mortgages based on endowments increased from 20 per cent to 33 per cent. It is not credible that such mortgages, incidentally involving fat fees for vendors, were appropriate for all those customers. The average life of a mortgage is just seven years and, as the report pointed out, such early surrender of endowment policies almost invariably means they are more expensive than non-commission repayment mortgages. Moreover, if customers' bank

accounts fall into overdraft as a consequence of expensive endowment charges, the true costs are much higher. Yet, during that period, mortgage sellers were under no obligation to supply such information. Also, following the OFT's anaemic report, they still have no obligation to provide best advice. True, judging the best vehicle for a particular customer must, to some extent, be subjective. But with 60 per cent of all mortgages still involving endowments there clearly remains a bias towards commission-based products that are certainly in the interests of the vendor and unlikely to be beneficial to that many customers. For the OFT to tell the mortgage industry offer better advice to borrowers is feeble. Self-regulation is inadequate: only legislation will change behaviour.

Costain

Shares in the loss-making Costain Group are trading at a 37 per cent discount to net asset value for good reason. Net assets of £100m are distorted by its undeveloped Spitalfields site and by pensions pre-payment. And its prospects are grim. Even with disposals, the company has a negative cash flow. It is struggling to sell its problematic US mining interests and potential suitors for its core construction business have fled.

For a company in such dire straits, Costain's growing order book of over £100m is a notable achievement. Although its margins are thin, they are in line with the rest of the UK construction industry, allowing any suspicion that contracts might have been won at discount prices. Still, it is hard to see why any competitors would pay up for the rump construction business, given the sector's chronic overcapacity.

In any case, no one will take a second glance until the company has rid itself of its US coal business. Its return to profits in February and March will not be credible until it has been sustained for at least six months, so a sale much before the end of the year is unlikely. If no buyer materialises, Costain has enough orders to struggle along with a reduced balance sheet for some time to come. But its strategy of winning business under the Private Finance Initiative may be difficult to realise, given its lack of capital. Maintaining the support of its banks, keeping its workforce intact and convincing its clients will become an increasingly tricky juggling act.

Fresh move to protect Europe's films

By Lionel Barber in London and Emma Tucker in Brussels

France is pressing for an European Union-wide fund to underwrite European film productions as part of a new effort to protect the industry against a flood of Hollywood imports.

The plan involves offering about £200m (£270m) of bank guarantees to film producers who face difficulties raising capital. It represents a fresh approach in France's campaign to strengthen quotas covering EU-made programming screened in Europe.

In spite of support among Europe's film production companies, the French plan seems cer-

tain to be opposed by the UK and Germany. Both are determined to rein in EU spending and limit so-called "off-budget" financing, especially in a high-risk business such as films.

The European Commission is reviewing the merits of the plan and is expected to come up with proposals in the autumn.

However, questions are being raised about the role in the plan of Mr Yves-Thibault de Silguy, one of France's two EU commissioners, who is responsible for monetary affairs.

Mr de Silguy has joined Mr Marcelino Oreja, the Spanish commissioner who handles audiovisual policy, in co-

sponsoring an internal Commission review of the financing of Europe's film industry.

Until three months ago, Mr de Silguy served as special adviser to Mr Edouard Balladur, the French prime minister. France, which holds the rotating EU presidency, intends to make the defence of European culture a priority at next month's European summit in Cannes, scene of the annual film festival.

Brussels officials defended Mr de Silguy's intervention because he has responsibility for relations with the European Investment Bank, the agency which would be expected to play a lead role in the scheme through the new

European Investment Fund.

The EIF is a financing agency involving the EIB, the European Commission and the public and private banking sector. Its initial authorised capital is £100bn, with the EIB providing a 40 per cent stake and the rest split equally between the Commission and other financial institutions.

Commission officials said an initial £200m fund could generate £200bn of investment. Mr Oreja has spoken of the possibility of creating a "Hollywood in Europe", though officials concede the EIF or EIB may not be the most suitable agency for picking winners in the film industry.

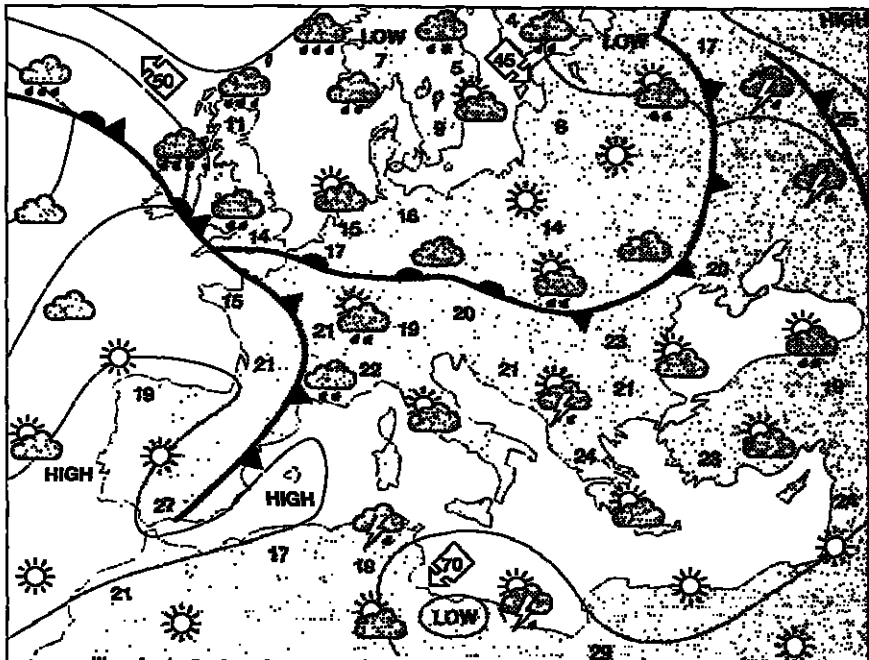
FT WEATHER GUIDE

Europe today

Rain and cloud is expected over the British Isles. Most of France will be cloudy with outbreaks of rain, except for the south coast where there will be plenty of sunshine. The Benelux, Germany and Poland will be sunny. After the rain of the past few days, Spain and Portugal will have settled and sunny conditions. Afternoon temperatures will rise to 28°C in the south. Italy, Greece, Cyprus and Turkey will have sunny conditions with some showers along the Black Sea coast. The Balkans and the Alps will continue to be unsettled with thunder showers likely. Scandinavia will remain cool with snow in central Sweden. Rain is expected in Finland and along the Norwegian coast.

Five-day forecast

Temperatures will rise over the weekend in south-west Europe. Southern Spain will have temperatures near 30°C. The warmer conditions will spread over western Europe next week. Temperatures in the Low Countries, France and the British Isles will reach 20°C and above. Meanwhile, northern and eastern Europe will have changeable and cool conditions.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteor Consult of the Netherlands

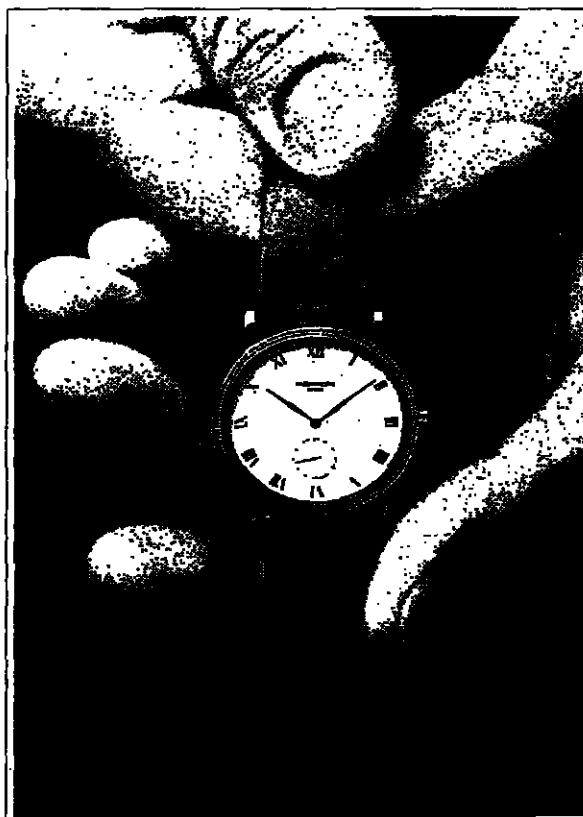
TODAY'S TEMPERATURES

| | Maximum | Minimum | Beijing | sun | 31 | Caracas | sun | 30 | Faro | fair | 21 | Madrid | fair | 21 | Rangoon | sun | 38 |
|--------------|---------|---------|---------------|---------|----|------------|---------|----|--------------|--------|----|-------------|---------|----|-------------|---------|----|
| Abu Dhabi | sun | 34 | Belgrade | showers | 20 | Casablanca | showers | 20 | Geneva | fair | 19 | Melbourne | showers | 20 | Reykjavik | cloudy | 3 |
| Accra | sun | 33 | Berlin | sun | 15 | Cebu | sun | 18 | Glasgow | cloudy | 11 | Manila | sun | 34 | Rome | fair | 19 |
| Algiers | showers | 19 | Bombay | sun | 21 | Dakar | sun | 27 | Hamburg | rain | 11 | Medan | sun | 30 | Sao Paulo | sun | 25 |
| Amsterdam | sun | 12 | Buenos Aires | sun | 38 | Dallas | sun | 25 | Helsinki | rain | 6 | Mexico City | sun | 23 | Singapore | thund | 32 |
| Athens | sun | 21 | Chengdu | sun | 15 | Dubai | sun | 41 | Hong Kong | cloudy | 29 | Miami | cloudy | 29 | Stockholm | cloudy | 14 |
| Atlanta | sun | 24 | Hong Kong | cloudy | 20 | Dubai | sun | 41 | Honolulu | cloudy | 25 | Moscow | showers | 17 | Strasbourg | cloudy | 9 |
| B. Aires | sun | 26 | London | sun | 14 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Montreal | showers | 19 | Sydney | showers | 22 |
| Bombay | sun | 38 | Los Angeles | sun | 22 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Taipei | showers | 19 |
| Brussels | sun | 17 | Manila | sun | 34 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Tokyo | fair | 20 |
| Buenos Aires | sun | 38 | Medan | sun | 30 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Toronto | cloudy | 14 |
| Cairo | sun | 38 | Mexico City | sun | 23 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Vancouver | fair | 18 |
| Calcutta | sun | 38 | San Francisco | sun | 14 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Vladivostok | showers | 19 |
| Cardiff | sun | 13 | Singapore | thund | 32 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Warsaw | showers | 18 |
| Cebu | sun | 18 | Stockholm | cloudy | 14 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Washington | showers | 22 |
| Chengdu | sun | 15 | Strasbourg | cloudy | 9 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Wellington | showers | 16 |
| Chongqing | sun | 15 | Sydney | showers | 22 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Winnipeg | sun | 10 |
| Cologne | sun | 15 | Taipei | showers | 19 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | Zurich | fair | 17 |
| Dallas | sun | 25 | Tokyo | fair | 20 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Dakar | sun | 27 | Toronto | cloudy | 14 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Dalian | sun | 25 | Vancouver | fair | 18 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Darwin | sun | 31 | Vladivostok | showers | 19 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Delhi | sun | 41 | Warsaw | showers | 18 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Dubai | sun | 41 | Washington | showers | 22 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Dubrovnik | showers | 18 | Wellington | showers | 16 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Durham | sun | 14 | Winnipeg | sun | 10 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |
| Edinburgh | cloudy | 10 | Zurich | fair | 17 | Dubai | sun | 41 | Kuala Lumpur | sun | 31 | Moscow | showers | 17 | | | |

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Weekend FT

This month, bookshops will reveal whether one of the biggest gambles in recent publishing history has paid off. Martin Amis's new novel *The Information* became famous long before it was launched last month because it earned its author a \$30,000 advance from publishers HarperCollins. The novel shot into the bestseller list at number one but has dropped to number six.

Amis's books have reached the bestseller lists before, but they usually sell between 30,000 and 35,000 copies in hardback in the UK, and 250,000 in paperback - meagre figures compared to those of more populist "blockbuster" novelists such as Catherine Cookson, Jeffrey Archer or John Grisham, whose books regularly sell a million-plus.

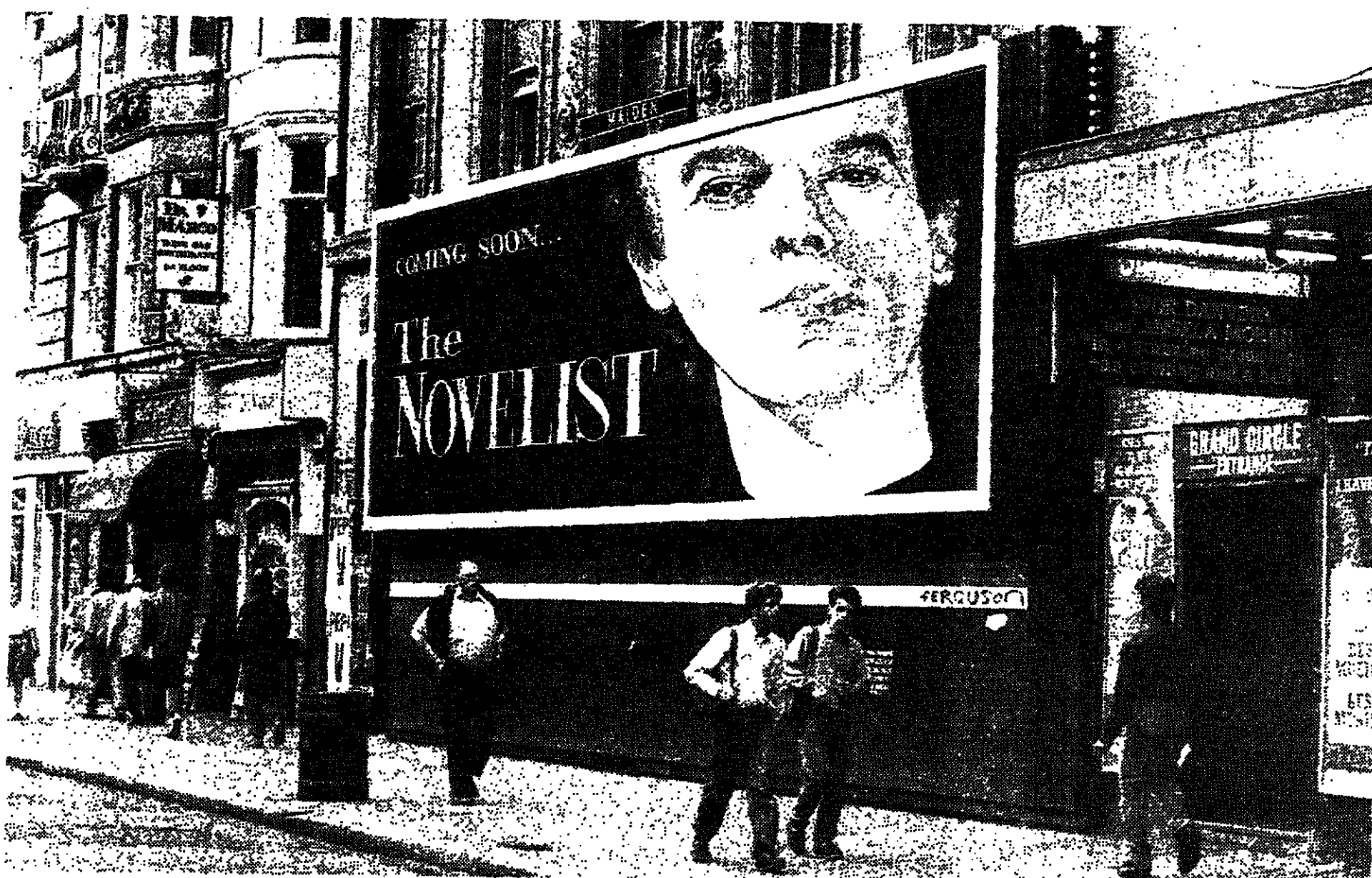
So is Amis moving into a different bracket as a popular, commercially successful writer, and what does this signal for the future of both the bestseller and of modern literary fiction?

Twenty-five years ago, no bestseller list existed in Britain and publishing novels was still a cosy, gentlemanly profession in which editors revered good taste and authors did not demand too much money. Today, by contrast, books are famous as much for numbers of copies sold, advances paid and the personal lives of their authors as for their contents. Publishers have become large international conglomerates which manufacture, advertise and sell books as consumer products and attempt to expand markets by identifying key cultural trends.

Are publishers responding to our desire, as discriminating 1990s consumers, to spend our cash on a few, high quality books? Or are they manipulating a new breed of middle class buyers into uniform reading habits which dictate that we all buy the same books, just as we buy similar food, clothes and cars?

There is a fresh impetus to turn serious literary novels into popular bestsellers, and their authors into cultural icons, in a way not seen since the mass market success of Charles Dickens. Among today's eminent contemporary novelists, Salman Rushdie, Ian McEwan, William Boyd and Ben Okri - currently at number seven - have all featured in recent bestseller lists. So far none has come near to realising the sales of today's blockbuster novelists but the success of Amis's current novel may point to a new convergence between "highbrow" literary writing and the lower-brow airport bookstall novels.

The bestseller list was invented in the US exactly 100 years ago when the *New York Times* compiled a list of books "in the order of demand". The timing was not a coincidence, for the 1890s was the decade when a gap between highbrow and lowbrow books began to be



Rise of the novelist superstar

The bestseller list is changing. Jackie Wullschlager says serious writers can now make silly money

marked, and popular taste to be distinguished from aesthetic merit. Two factors were responsible: cheap printing, which made a mass market in fiction possible; and the huge increase in literacy which resulted from the expansion of education, and meant that reading was no longer, as it had been in previous centuries, the exclusive pastime of a bourgeois elite.

Literary novels by Dickens and Trollope benefited and achieved bestseller status, as well as now-forgotten potboilers such as Mrs Henry Wood's *East Lynne*, which sold 400,000 copies. But by the 1890s, the trend towards the potboiler was already established. In 1899, Henry James lamented that "we are so demonstrably in the presence of millions for whom taste is but an obscure, confused, immediate instinct. In the flare of railway book-

stalls, in the shop-fronts of most booksellers, especially the provincial... this testimony to the general preference triumphs".

Today's more populist bestsellers are identified by W.H. Smith product manager Graham Edwards, as "a clique of about 50 authors with megastatus". Their novels sell themselves by simple force of product recognition. Since bestseller lists were first compiled in Britain in 1974, certain names have dominated the charts. Thriller writers Dick Francis and Frederick Forsyth appeared among the top 10 novelists in 1974, 1984 and 1989; Jeffrey Archer was there in 1984 and 1994. They offer a tried-and-tested formula for an enjoyable, if sometimes undemanding, read on which a loyal audience can rely.

In the last decade, however, the popularity of more sophis-

ticated novelists has started to bridge the century-old chasm between the highbrow and the popular. According to Stuart Proffitt, trade publisher at HarperCollins, "it is now more possible for literary books to become bestsellers than ever before".

One factor which has contributed to this trend has been the increasing emphasis on the personality cult of the author. Writers from Martin Amis to Joanna Trollope are marketed as media celebrities. We know about their lives, their views on issues from teeth to adultery, as we never knew those of earlier bestselling authors such as Wilbur Smith.

This development has been underpinned by another trend governing bestsellerdom in the 1990s: the cross-fertilisation between books and television and film. This has enabled books to reach much wider

audiences and has created a new market for classics such as *Middlemarch*, and for serious contemporary literary novels such as Thomas Kenworthy's *Schindler's Ark*, which sold almost 100,000 copies and was the number two paperback novel in the 1994 bestseller list.

In 1993, Roddy Doyle, whose earlier novel *The Commitments* was adapted as an internationally successful film, became the first contemporary literary novelist to sell 100,000 hardback copies with his Booker prize winner *Paddy Clarke Ha Ha Ha*. *Paddy Clarke* sold over 350,000 copies in paperback - double the average sales of Booker winners.

In the 1994 fiction list compiled by Bookwatch, the company which draws up the bestseller lists, Doyle's novel was number four - ahead of Grisham, Archer and Cookson. Also in the 1994 top 10 was the

serious and challenging Indian novelist Vikram Seth, with *A Suitable Boy* (over 320,000 copies). Other literary names to gain bestseller status last year include Sebastian Faulks with *Birdsong* (175,000 paperback copies) and the Danish writer Peter Hoeg, whose first novel *Miss Smilla's Feeling for Snow* sold 225,000 copies - an impressive figure for contemporary foreign fiction which traditionally manages poor sales in Britain.

Recent bestseller lists have also reflected a growing public enthusiasm for more difficult non-fiction books. Jung Chang's *Wild Swans*, an autobiographical story of three gen-

erations of her family set against 20th Chinese history, was a surprise bestseller of the 1990s, selling 4m copies worldwide, making it the best-selling non-fiction paperback in living memory.

And Stephen Hawking's *A Brief History of Time* has sold 618,000 hardback copies - almost twice as many as, for example, the 350,000 hardback sales for Andy McNab's popular violent shocker, *Bravo Two Zero*. Jostein Gaarder's *Sophie's World*, the fictionalised philosophy lesson, was top of the Bookwatch list this year until it was displaced by Amis.

Continued on Page II

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NEXT WEEK
VE day: the victors and the victims



Joe Rogaly

Melting pot starts to boil

California offers a spicier recipe for the traditional American stew

Cower by the poolside in Beverly Hills, and every kind of thought will enter your head. Prone to the sunlounger, your imagination goes walkabout. When, I wonder this week, will California return to Mexican control? Probably on February 2 2048. That will be the 200th anniversary of the treaty of Guadalupe-Hidalgo, which formally ceded the golden territory to the US.

It would not be necessary to haul down the Stars and Stripes. The change of status could be marked by a simple acknowledgement that the border had become irrelevant. The Governor, undoubtedly a chap named Chavez, could issue a simple proclamation. It could happen sooner. Population projections are rarely spot-on, but one made in 1990 and since updated has the "Anglo" community down to 48 per cent of the California total by the turn of the century and 41 per cent by 2010. The English-speaking whites who still predominate would become a minority in a state with no ethnic majority.

Ethnic? Cultural would be better. That has greater relevance than race. The use of the term "Anglo" is evidence of the success of the first great US tribal melt-down, the one that turned the immigrants who crossed the Atlantic in

the early part of the present century into plain Americans. It is a common culture that unites them. Even today a quarter of the inhabitants of the US trace their origins to the German-speaking areas of Europe; others hark back to Poland, Italy, everywhere around. The originally English-born element is a decided minority, of less significance than the Germans. Yet "Anglo" has stuck. (It should not mean white, but usually does.)

In California you witness the gathering of the ingredients for another great cultural melt-down, a 21st-century alteration of the character of the US. This time the arrivals are on the west coast. This is a Pacific, not Atlantic, melange in the making.

The fastest rate of entry is across the Mexican border. "Hispanics" a term that embraces both Mexicans and Spanish-speakers from a variety of points south, are expected to comprise a third of California's people in the year 2000, compared with 12 per cent in 1970. Their score moves up to 36 per cent 10 years later.

These estimates may be low. In 1986 2.7m unauthorised immigrants to the US were legalised by Congress. Some 60 per cent were from Mexico. Employers who hired illegal immigrants were to be fined.

By common consent, this supposed barrier is full of holes. Fearing further, possibly stronger, state or federal controls, Hispanics in Los Angeles are stirring themselves to register as naturalised US citizens. Their traditional reluctance to cut the tie with home is being eroded.

The northwards move of Latin America is not the whole story. On most projec-

In California you witness the ingredients for another great cultural melt-down

tions blacks remain at a steady 7 per cent or so of California's population, but the number described as "Asian" - Korean, Japanese, Vietnamese, Chinese - is expected to grow from just under 800,000 in 1970 to nearly 5m by 2000. As a proportion, the Asian ingredient in the new mix will have risen from 4 per cent to 13 per cent, and climbing. You have to return to the poolside to take this in. Statistics aside, you can get the picture if, courage restored by the sun's rays, you venture out of Beverly Hills. Trip

down the freeways and along the boulevards. You will get lost, and thus be certain of roaming through the home bases - the tribal territories - of many of the new Californians. Suddenly all the signs are in Korean (I think); then Spanish offering Mexican foods or, commonly, legal advice on naturalisation, then Chinese, then... Every clan has its area.

It is difficult to picture this collation becoming Anglo, although it could emerge as something richer than that. So far the tendency is the other way. Mexicans live among Mexicans; El Salvadorians with their own; Koreans in their captured real estate. The archipelagos interlace, but rarely overlap. A few wealthy members of each group, some professionals, children in certain schools and students at UCLA do cross the boundaries, but the stew, if it is one, is still very lumpy.

One reason is that virtually all Anglos are eligible to vote, while many immigrants, particularly the illegals, are not. The whites vote for low taxes, and consequent cuts in public services. The tendency of others to register is low, particularly among the poor. The 58 per cent "yes" for Proposition 187 last November might have been less overwhelming if the composition of the electorate reflected the composition of

the population. The proposition sought to bar illegal immigrants from public education, non-emergency health care, and social services. It is likely to be ruled out of court as unconstitutional.

Next year another Proposition, outlawing positive discrimination, is likely to be put to the same voters. You can guess the likely result. One explanation is offered by Philip L. Martin, an economist at the University of California at Davis. He specialises in migration studies. Anglos are unhappy when formerly illegal aliens whose presence was legalised in 1986 are given jobs or university places as part of an affirmative action programme, he says. I do not know Mr Martin's politics; he strikes me as a serious academic.

American conservatives are ambivalent about his subject. They oppose positive discrimination, but some do see the economic benefits of importing low-wage Hispanic workers and high-tech "Asians". Both groups nurture a strong sense of family, which the US right thinks there is not enough of. Yet overall there is clearly an increase in anti-immigrant sentiment. Do not take it too seriously. American history suggests that when the economy booms, the nation of immigrants will once again welcome newcomers.



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PERSPECTIVES

Lunch with the FT Human survival and a pile of noodles

Nigel Spivey seeks Sir Roy Calne's views on the population explosion

He arrived a little late. Transport problems. His car, a grubby hatchback, nothing special - had been purloined in Oxford for use as a robbers' getaway. But he was half-grateful to the crooks. They made off with his academic robes, but they had left his precious tennis rackets. I was impressed. Here, from the outset, was a man of action. And his entrance to our restaurant was dramatic. Staff moved with speed; the chef scuttled unctuously out of the kitchen to salute him. As we sat down, he confided: "We should get a decent meal. I've fixed one or two members of the family here."

Surgeons can say that sort of thing. But Sir Roy Calne is not only one of the world's leading transplant specialists. He is also an artist, whose work has been widely exhibited; and lately he has become a prophet. In a powerful and wide-ranging recent tract, *Too Many People*, he has argued that catastrophe stares us in the face. And the fact that a professor cannot safely leave his car in Oxford is only one of a host of symptoms that prefigure this catastrophe.

The gift of prophecy was readily summoned over a succession of spicy Szechuan dishes. Sir Roy raised extra fire from a special saucer of red chilli extract, with which he baptised whatever he ate. His chopsticks, however, jabbed home a message that was far from palatable.

"Take India. It's like all the developing countries. Policies of voluntary birth control have completely failed." This seemed unarguable.

But before I could demur about politically incorrect post-colonial paternalism, the chopsticks waved again. "And we're not much better ourselves. Girls becoming mothers in their teens. Fecklessness, rewarded by priority housing. We don't let people drive until they're a certain age; why shouldn't we train them to be parents only when they're old enough?" His strictures on teenage pregnancies had, he admitted, already caused his book some misleading celebrity.

An American radio-station had organised a phone-in on the strength of it. He had spent half the programme explaining that *Too Many People* was about a much wider population crisis. Then, a farmer from Nebraska had called in, and eloquently described the total absence of human beings as he looked out over his slice of the prairies. "That's what we're up against," he smiled.

The prophet knew how to get his message across. The statistic of 110 humans crammed on to the planet within the next half-century - double the present global population - might pass over anyone's head; but it was easy enough to visualise the image Sir Roy presented of the measure of increase. "Every 12 days, a new Los Angeles is added to the world's surface." The ruinous impoverishment of all lives by want of space, the ubiquitous rise of violence and crime - all these followed.

So what is to be done? As a non-scientist, I was pleased to hear Sir Roy's assertion that science had caused the world's worst problems; and it seemed duly reasonable for him then to claim both the right and the duty of scientists to resolve those problems. But it was not long into the meal before Sir Roy's solution to the prospect of global disaster elided into *Brave New World*.

Candidly he admitted to me his dream of an engineered virus which would render all human beings automatically infertile after the production of two children. ("Preferably, you'd agree, to the prospect of cruel mass conflict.") Sir Roy's less drastic published proposal is that the United Nations set up an international Laboratory for Population Studies, with powers to act over the heads of governments only elected for programmes of short-term expediency.

It took some nerve to say what he was saying. For one thing, it smacks of a technocratic authoritarianism which liberals traditionally loathe.

We agreed that democracy was a useless political system when it came to environmental matters. But was the great surgeon aware that he was himself perhaps no paragon of



Artist, prophet and transplant specialist: Sir Roy Calne

global responsibility?

We overlooked the fact that he has six offspring (those were the confident old days). But he is still devoting most of his time to saving people whose lives would otherwise be prematurely claimed by natural selection: such as weakly western children, given new organs in expensive operations with less than certain results. How could he justify that?

As we set about a pile of noodles doubtless sufficient for a Calcutta family of 10, our paper tablecloth filled with sketches. Sir Roy demonstrated how, in the course of a transplant operation, war tends to break out between the cells of an implanted organ and those of its host body. Existing drugs can put an end to the attrition, but they can also destroy the graft acceptance mechanisms of the host cells.

So Sir Roy - a committed researcher, which is why he has stayed a Professor of Surgery at Cambridge rather than enter more lucrative private

practice - is trying to devise ways of establishing a temporary truce between host and invading cells, in which a "window of opportunity" may be created for both factions to harmonise. The search for the right drug, or the right strategy of administering it, is what occupies much of his time.

Once his pen began exploring the tablecloth, a change of persona took place. The Jeremiah of world doom was supplanted by the latter-day Hippocrates, who can refuse no one who needs it the benefit of his healing craft.

I queried: was he happy even to save those who had knowingly sabotaged their own organs by reckless bad habits? He paused: he has been asked that, one before. "Yes. My ward sisters used not to agree with me. But I've saved some chronic alcoholics. And I'm glad to have done so."

One of the saved was the artist John Bellamy, who did much to encourage his saviour to paint studies of the opera-

ting theatre. Now Sir Roy has begun to paint his prophetic warnings too. "I think I am," he modestly declared, "the only artist to feature a condom - in a religious painting."

I did not pursue the paradox of his dual identity, Jeremiah versus Hippocrates, a man could heal the sick and still dream of a universal restriction on human fertility. In the end, it was all a question of human survival; and Sir Roy Calne's concern for survival was more heartening than lugubrious. We walked to where he had left a vehicle borrowed from one of his sons.

Our hope was sustained. It was still there.

Too Many People, by Roy Calne, is published by Calder Publications, £9.95.

Beta news agency is now a

Where news is a lethal weapon

John McKay visits the journalists of Belgrade

In a small room without ventilation, on the 20th floor of a decaying office block in central Belgrade's Sprskib Vlada Street, a group of journalists from all ethnic groups in the former Yugoslavia is challenging the monolithic media power of Serbian President Slobodan Milosevic.

Working at computer terminals bought with western aid and money they raised themselves, the journalists, who included Serbs, Croats and Moslems from war-ravaged Bosnia, last week celebrated the first anniversary of their Beta news agency. The project was three years in the planning and is aimed at spreading what the Belgrade government fears most - news it cannot manage.

The staff are mostly defectors from Tanjug, the state news agency, who were in effect purged because of their anti-war views, ethnic background or for refusing to edit or write propaganda.

One of Milosevic's feats of manipulation was his hijacking of the media in the remnants of former Yugoslavia to justify the territorial ambitions of a Greater Serbia. Official television, radio and newspapers helped to create a mood of war before the guns opened fire in Croatia. The media was then used to sustain the conflict, government opponents say.

Within six months, the Belgrade media was being used to justify the government's onslaught against Bosnia in April 1992, and to denounce internal opponents as enemies of the Serb people. Journalists opposed to these outpourings were beaten, sacked, or bullied into submission.

Radomir Diklic, now managing editor of Beta news agency, told how his name was included on infamous blacklists, along with his wife, Ana, an ethnic Macedonian. She was sacked from the classical music department of state television and radio for being a non-Serb and for speaking out against the war.

The blacklists, read out on state television between 1990-1993, described the couple and hundreds of others as "traitors" to the Serb nation who should be "cleansed", the Serb euphemism for death, deportation or forced removal from home. "I feared for my family's safety in those days, but during the past 18 months the wider forms of propaganda have all but disappeared," says Diklic.

Beta news agency is now a

potent element in a small, emerging independent media in Serbia and Montenegro, where the Milosevic government has been using every means - short of force - to hinder flows of information.

Visited regularly by western diplomats - who have helped secure pledges of funding from the European Union and other western donors - the agency now employs 30 journalists in Belgrade and has a small network of correspondents in provincial Serbia and Montenegro and in some European capitals. The agency also has correspondents in the countries which succeeded from Yugoslavia and is able to cover the war in Bosnia from all sides.



Huffing and puffing: Milosevic has targeted Nasa Borba newspaper

"Some of the Beta staff have spouses from other ethnic backgrounds, some of whom are still nervous about the political climate in Belgrade. Others have relatives engaged in combat in Bosnia or trapped by the fighting," says editor-in-chief Ljubica Markovic, a former Rome correspondent of Tanjug.

"Despite these personal worries, the hostility of the Milosevic government and official obstruction, we try to maintain an independent news service, with the same rules of impartiality as a western news organisation," she said.

Beta produces nearly 100 news items a day, 80 per cent of which are domestic. The rest of the output comprises western news agency reports translated into Serbo-Croat. Beta's small client base includes western embassies and a slowly growing network of local independent radio stations and newspapers.

According to western embassies in Belgrade, Beta has largely succeeded in its aim of enabling news organisations to escape from government propaganda.

"We monitor the service every day and the standard of the news and level of objectivity is very high," said one diplomat.

A mile from the office of Beta, in a chaotic fifth-floor office in Nusiceva St, scores of journalists are working in equally difficult conditions to produce an independent daily newspaper called *Nasa Borba* (Our Struggle), a rebel offshoot of the *Borba* (Struggle) newspaper founded by Tito in 1945. In January, more than 100 journalists refused to sign new contracts with *Borba* after it was taken over by an ally of Milosevic.

Using a legal loophole, the government claimed *Borba* was not properly registered when it was turned into a share-holding company in 1991. The state installed a new editor-in-chief, who arrived at the office flanked by five bodyguards, as he was also federal minister of information.

After 3½ months of precarious existence, *Nasa Borba* is selling between 20,000-25,000 copies a day. But the Milosevic government has warned printers and distributors not to handle the paper, frightened off advertisers and blocked supplies of newsprint. The European Commission has since donated 200 tonnes of newsprint to *Nasa Borba* and a contract has been signed with a small independent printer. Money is also being provided by a sympathetic local businessman and by supporters in the west.

Editor Gordana Logar said: "Ninety per cent of our sales are made by young people selling in the streets. We could double our circulation easily were we given access to newspaper kiosks."

Nasa Borba needs a cover price of one dinar to cover its costs and substance wages paid to its journalists, as it has no advertising income and a restricted circulation. One dinar can buy all three main pro-government newspapers: *Politika* and the more extreme *Politika Ekspres* and *Vecernje Novosti*.

There are 50 news organisations in the former Yugoslavia which could now be termed independent, according to western-funded monitors - mostly local radio stations and small newspapers, some at village level.

Western diplomats believe that the foothold established by the independent media is crucial if news of peace efforts is to be properly communicated to the Serbian people. A stronger independent press, they say, is also vital if Milosevic's stranglehold on the democratic process is to be broken.

The Nature of Things / Andrew Derrington

Please touch the exhibits

Lord Tonyandy, former Speaker of the Commons, called it "more exciting than the House of Lords and more relaxing than the House of Commons". He was talking about Techniquist, Britain's fastest growing science museum.

Techniquist passes a landmark on Monday. It moves out of the cramped dockland warehouse it has occupied since 1978, into a light, airy, water-side home 500 metres from Cardiff's proposed new opera house. The £3.2m, 3,000 sq metre building will be the largest hands-on science centre in the UK.

Techniquist's £7m phase 3 project, which includes the new building, is trying to answer the \$64,000 question of science education. Is it possible to make science fun and teach it at the same time?

Making science fun is very much Techniquist's business. Children swarm over the exhibits, all of which are there to be touched. There is no

doubt that the 115,000 visitors every year have a good time. So first and foremost the exhibits are enjoyable.

Not only must they be fun, they must look fun, says Harry White, the exhibits director, who uses words such as tactile, friendly, and warm when he talks about choosing materials to make exhibits. One of his recent difficulties was finding suitable textiles to make the intestines of a model of a human body which could be dismembered. Ninety five per cent of the 160 exhibits are designed and built in-house. Techniquist also produces displays for other museums and science centres.

"An exhibit works in several phases," says deputy director Colin Johnson, a former chemistry lecturer. "First, it has to invite the visitor to play with it." Hence White's emphasis on the attractiveness of the constituent materials. "Then there has to be a payback, that teaches them something."

My favourite payback comes from an exhibit called the

hydrogen rocket. You crank a handle to generate electricity which is passed through water, converting it to bubbles of hydrogen and oxygen. The mechanical work you do to turn the handle is converted to electrical and then to chemical energy. Generating chemical energy sounds pretty boring, but making rocket fuel is fun. It is even more so when your own rocket blasts off and shoots up to the ceiling, converting the chemical energy back to mechanical work.

Toys like the hydrogen rocket - great fun but fundamentally scientific - break down the barriers that make science inaccessible. But playing with scientific toys does not necessarily increase your understanding of science, any more than driving a car teaches you engineering. So, once the visitors' interest has been engaged, can they be made to learn as well as play?

Johnson and White aim to do this firstly by persuading people to explore the exhibits after they get their "initial payoff". This is the last phase of the exhibit's function according to Johnson. Visitors can play with the exhibit in an uncontrolled (and often unforeseen) way that enables them, and sometimes also the museum, to learn more about the exhibit. This may be the most important phase for learning, because the visitor is in control.

To encourage people to linger over the exhibit, Techniquist is commissioning a guidebook designed from the outset to stimulate curiosity. In addition the description of each exhibit has one or two

questions, and no answers, to stimulate inquisitiveness.

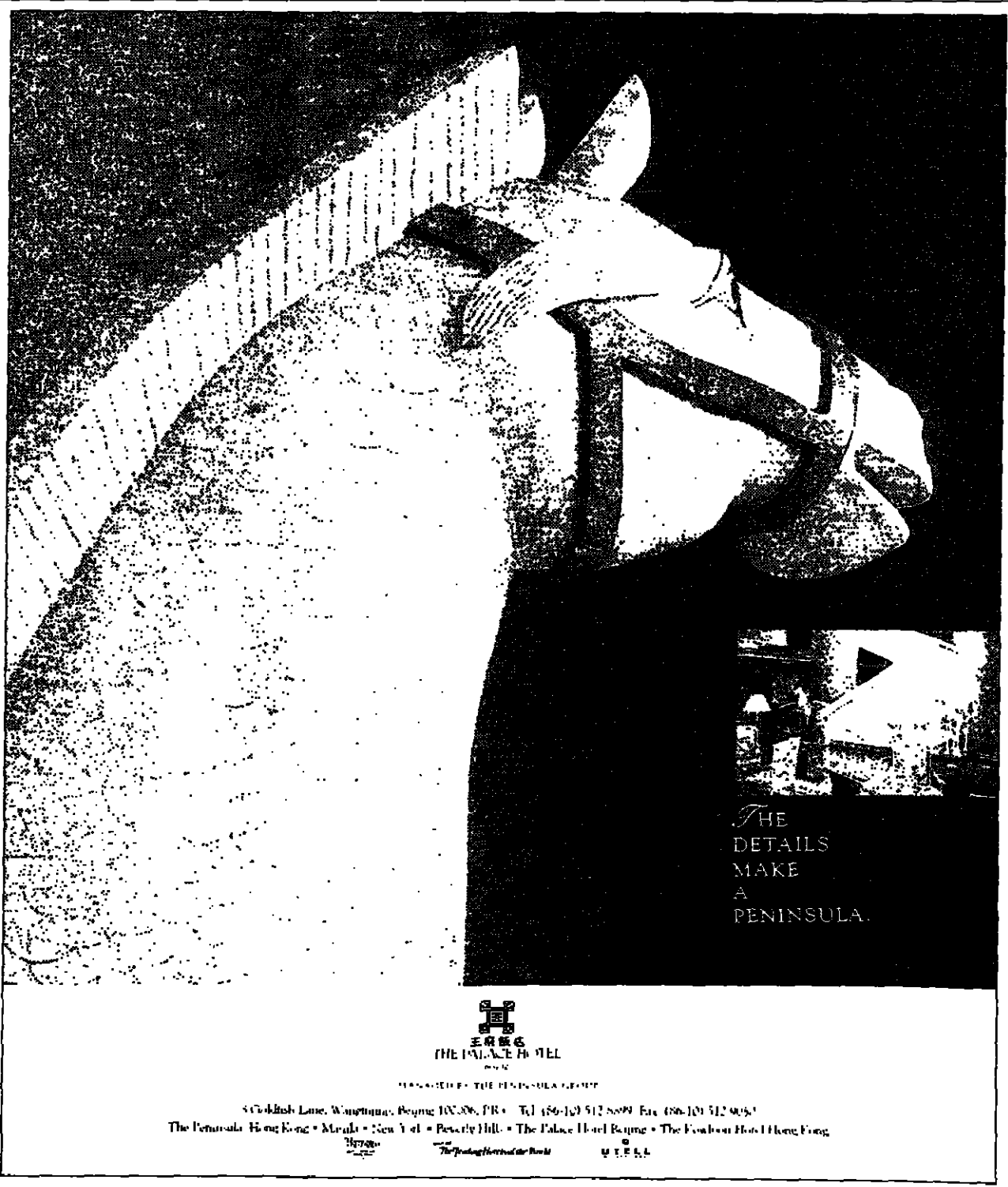
Techniquist also seeks to follow up the visit and maintain the visitors' interest in science. A shop sells a range of scientific souvenirs and toys. There is also a comprehensive service for schools, including a range of kits for hire that allow experiments to be done in school after the visit. The education department staff, most of whom have a background in science teaching, coordinate the kit contents with the national curriculum.

The new building has a 100-seat science demonstration theatre, a laboratory and a planetarium, allowing for a wider range of events.

But the most important thing about the science teaching at Techniquist is that it never gets in the way of playing with the exhibits. It is just as important and useful to enable people to enjoy science, and to make it a normal leisure activity, as it is to teach it. Even more so, because if children are convinced that science is fun, they will explore it for themselves.

Perhaps the most impressive contrast between Techniquist and a "normal" museum lies in the fact that the attendants are more numerous and more enthusiastic - and that their function is the reverse of the normal: instead of preventing people touching the exhibits they encourage them to do so. Consequently the place is full of people having fun playing with scientific toys - just like in a real laboratory.

The author is professor of psychology at the University of Nottingham.



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TRAVEL

Islands of stone-agers and honeymooners

Nick Haslam visits the tiny Andaman Islands, former British penal colonies and rich in jungle and marine life

When the small group of Indian Catholic missionaries started singing hymns, it seemed a pleasant distraction from the gruelling prospect of strap hanging for eight hours.

We had left Port Blair at dawn. All seats on the bus had been taken by the time I fought my way on board. As the heat of the day began, and the dust of the jungle road filtered into the bus, the singing grew hoarse and discordant. Feelings of fellowship began to evaporate and when one singer, pausing between verses, pushed past me to propel a bright gob of betel-red

sitting by that open window on this bus had his thigh transfixed by one. The guard, though, soon fell asleep, with his rifle pointing vaguely at my left temple.

But as the thickening jungle pressed closer to the windows of the bus, the lusty singing of the missionaries grew fainter and then died completely, as if they felt the presence of something older and darker than their own God.

We arrived that evening at Mayabunder, a sleepy fishing village, on the northern end of Middle Andaman. Caked in dust from the journey, I was told that the Forest Department Government rest house was full, but my informant, who introduced himself as Mr. T.B. Chatterjee, Assistant Conservator of Forests, put down his pen and said: "You may stay with me if you wish. My wife is away and my house, though simple, is yours."

That night, as we sat on his verandah watching the sun go down across the Andaman sea, Chatterjee told me about the islands, first colonised by the British two centuries before as a penal settlement.

"Many people here are descendants of convicts from all over India. So many died in forced labour gangs that the islands were known throughout India as Kalipani, the place of black waters."

As we spoke, a small fish broke surface 50 metres from the shore and skittered along the sea, pursued closely by a barracuda.

The sight stirred Chatterjee. "The islands are like that," he said. "They appear beautiful, but they have a very murky past."

He had been on the Andamans for 16 years, and longed to return to his family on the mainland.

I had come to Mayabunder in the hope of seeing sea turtles nesting and with Chatterjee, I spent a night combing a nearby beach. In the company of an anti-poaching patrol, we walked miles through the warm tropical night and just before dawn, came upon the pathetic sight of a large green sea turtle lying upside down amid a wreckage of freshly broken eggs. With a look of maternal distress it feebly waved a flipper.

"Wild boar and dogs have done this," said the guard grimly, "but we will save her." We heaved the turtle back on



Where something always lurks beneath the surface: fisherman on the Andaman islands

to an even keel and watched it laboriously heave down the beach into the sea.

Later that day, I boarded the inter-island ferry for Port Blair. For eight hours, we threaded through small islands over a transparent sea, with the ferry suspended, it seemed, 10m above white sand and corals. At a hoot of the ship's siren, islanders scurried along fragile jetties to load coconut, banana and fish, before the ferry moved off.

Port Blair, after the calm of Mayabunder, seemed like a busy metropolis. 100,000 peo-

ple, more than a third of the total population of the Andamans, live in the town of old timber houses roofed with corrugated iron, which straggles around the bays and inlets of the southern end of Middle Andaman.

I checked in at the Andaman Beach Resort two miles out of town, and wondered at breakfast why there were so many glowing young couples gazing speechlessly at each other. Only later I discovered that Port Blair has become the main honeymoon resort for the affluent middle classes of Bom-

bay and New Delhi.

Following Chatterjee's suggestion, I went to the Cellular Jail, a grim three storey building on an outcrop above the sea. Built by the British at the turn of the century, it could hold 700 prisoners in solitary confinement. In the 1920s, the jail became a concentration camp for mainland Indians organising to overthrow the Raj. The fierce regime of forced labour and beatings led to so many suicides and hunger strikes that the prison was finally closed down in 1937.

On my last day, I caught a

ferry over to Ross Island, the original British base. It is only a kilometre long, but in its heyday the island had manicured lawns, an ice plant, two churches and even a sailing club. Abandoned by the British and wrecked by the Japanese during the second world war, it has been colonised by the peepul tree, whose entwining ten-

drils have removed roofs and pushed down walls while playfully propping up the steeple of the Presbyterian church. Gazing up, I wondered how my missionary friends were faring. In this insular world of stone-age tribes and ancient forest, it seemed unlikely that anything from outside could ever survive for long.

Nick Haslam flew to Calcutta with British Airways. Scheduled return flights from Heathrow start at £778. Indian Airlines operates three flights a week from Madras and Calcutta to Port Blair. Return flights cost £145. Thirty day permits to visit the islands can be obtained on arrival at Port Blair.

spittle through the window, my thoughts turned very unchristian.

We were on Middle Andaman, rattling north through dense tropical rainforest. The Andamans, a tiny archipelago of Indian territory off the coast of Burma, were opened to tourists only recently, and many of the islands are still off-limits.

Aboriginal tribes inhabit some of the forests, and one tribe at least, has had no contact at all with the outside world.

Two hours from Port Blair, the bus halted at a checkpoint, and a policeman holding an ancient Lee-Enfield rifle wedged himself in beside the driver. We were passing through the territory of the Jarawa, stone-age hunter-gatherers: usually a friendly tribe, but with the occasional outburst of unpredictability.

Between hymns, one of the missionaries told me smugly the bus had been attacked only three weeks before. "Jarawa arrows are very sharp. A man

Come and enjoy the pleasures of the cut. The prospect seemed along in a narrow boat on a peaceful English backwater, then sipping warm ale in the cozy snug of a bank-side pub.

This was, after all, the Grand Union canal, the daddy of a Victorian inland navigation system that spreads across England like the veins on the back of your hand - 2,000 miles of interconnected canals.

The brochure of Bridgewater Boats, a Berkhamsted narrow boat hire company, did contain some caveats. "This is not an armchair holiday," it said. "Each lock is a precious piece of industrial heritage. No electric buttons, just muscle power and open air exhilaration. You are unlocking a new holiday experience."

From the moment the company handed over the 58ft long, 18-tonne, bright red narrow boat in pristine condition after a winter repaint, an experience seemed assured. But would it be positive with a family of five, including three boys aged from two to 12? I was reminded of one of those American teen films where the father hands his lovingly restored Plymouth convertible to his pimply son who is eager to impress on his first date. The car is returned completely junked after a series of escapades.

Lindy Foster, the company manager, dished out the buoyancy aids and advised strict parental discipline.

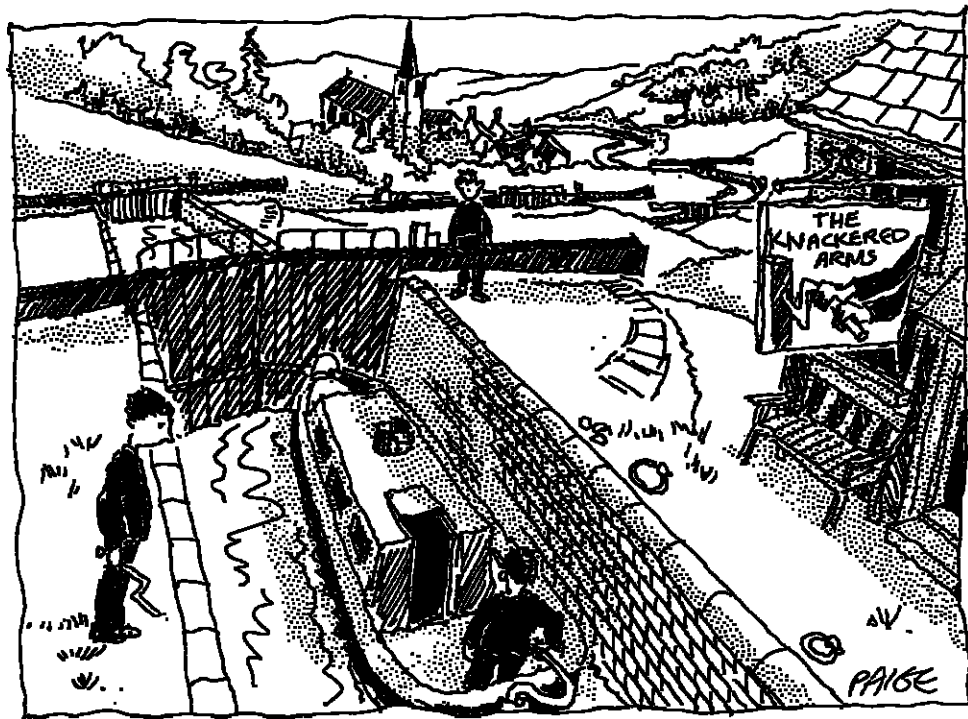
This trip would require a naval approach from the beginning. There was no time for democratic management. Banks were quickly distributed. Bosun, first mate, cook. The Captain Bligh approach, however, had one clear drawback. Two-year-old George had cast his own role as a mutineer.

The first thing anyone contemplating this kind of holiday should do is consult the charts. In this case the Ordnance Survey Map of the Aylesbury area. The little black Vs on the blue strip of canal are locks. Count them carefully.

In the 10 miles of canal between Berkhamsted and Slapton, just south of Leighton Buzzard, there are 25 locks. So three days of travelling there and back meant negotiating 50 precious pieces of industrial

At ease on the English canals

Richard Donkin sets sail with a mutinous crew and receives a nasty shock at the locks



heritage. Filling them, emptying them and opening the gates can be a 20-minute job for each lock.

This is not helped by their state of repair. Beneath the black and white cosmetic paint job are often rotting, creaking old gates, reluctant to move without an elephantine heave. Some of the gates are so strewn with weed that they resemble hanging gardens with hings.

In spite of this there is something quite beautiful about Britain's canals. Designed and constructed for industrial and commercial use, in little over 100 years they have blended in with the countryside in a way that the railways have not.

They are much loved by those who use them and by many of those who live on them. Could this ever happen to the motorways? In 100 years, when cars have been superseded by anti-gravity

travel, will there be motorway preservation societies dedicated to worshipping the age of the car?

Lindy had promised herons and kingfishers. The herons seemed neatly distributed about every 200 yards along the canal, unless it was one tame heron that flew ahead every time we passed it.

For the kingfishers we had to wait until Tring summit which the guide book says is as high as St Paul's Cathedral. To those who understand these things, that means an awful lot of locks.

Almost on cue we saw a pair of kingfishers doing what kingfishers do at this time of year. This more than offset the sight of badger and rabbit carcasses floating on the canal.

Dead things used to be more common in canals. In the old days, according to a sign on our boat, narrow boat owners could expect a five shillings

reward for fishing corpses out of the cut and a £5 fine if they did not.

The problem with Tring summit, as with anything you go up to, is that you must come down. The series of seven locks running down to Marsworth is described in the Waterways World Cruising Guide as "pleasant work". It is hard grind. This holiday is strictly for those who are deeply permeated with the Protestant work ethic.

Mooring for the night at Marsworth we found ourselves in nothing less than a narrow boat village, a drifting community of itinerant canal dwellers.

Some are weekenders, some are artisans, some are retired people with their pet dogs and cats and there are quite a few travelling people, the sort who used to converge on Stonehenge for the summer solstice a few years back.

Boats with names such as "Past Caring" and "Good Enough" seem to typify the approach of their owners. While their lifestyle may be that of the alternative, however, certain suburban domestic habits have not been abandoned. One had a doormat. Another had a gnome in a tub of tulips on the roof.

It also transpires that an Englishman's mooring is his moat. Private mooring signs ward off the casual holiday-maker.

As we approached one mooring, close to the cozy pub celebrated in the guide book, a narrow boat man said: "You can't moor there. That's private."

So we moored somewhere else and trudged off to the pub and its typical English pub greeting for families as we settled by the roaring fireside: "Children in the games room please." No fire there.

Narrow boating is not all charm and friendliness. On one of the few occasions we passed another boat, a heap of a motor launch called *Pop Along Dod*, crabbling along the canal at an angle of 45 degrees, we were treated to a tirade from a white-haired old fool complaining we had closed the lock gates after us.

"He should never have been given a driving licence," said Robert, my eight-year-old son. We got as far as Slapton, a stone's throw from the point at which 32 years ago a group of determined crooks pulled off the biggest mail train robbery in history.

I imagine the robbers sensibly steered clear of the canal. Perhaps they did not. Perhaps *Pop Along Dod* was the getaway boat and here it was struggling to escape all these years as its crew did time on the cut, trapped by all those locks. Three days, 50 locks and one or two suspected hermits after setting out, we returned our boat, not quite so pristine but less of a wreck than the 1950s Plymouth.

The crew, led by the two-year-old Fletcher Christian had taken control. Had they enjoyed themselves? Yes they had, but one more lock and somebody would have walked the plank. Experience it certainly was. Holiday? I was ready for one.

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OUTDOORS / GARDENING

Motoring

Towards a world where two pedals rule

Stuart Marshall investigates the trend to automated transmissions and tries out an elegant new Honda

The need to reduce exhaust emissions by saving fuel, while making life easier for urban motorists, means that more than one-third of the small to medium cars sold in Europe in 10 years will have some kind of automated transmission. The figure now is 16 per cent; in 1985, it was only 10.

The forecast is based on studies by FFD-Ricardo, the transmission arm of Ricardo Group, a British automotive consultancy working for motor manufacturers worldwide. It will not surprise anyone who drives a car like the Renault Baccara (this column, April 15) or the Honda Accord coupe featured this week.

There are, broadly, three ways to get rid of that third pedal. By far the most popular is the conventional automatic transmission. This has a hydraulic torque converter linked to a self-changing gearbox that shifts according to the speed of the car and the load on the engine.

The torque converter replaces the clutch and increases the engine's torque, or pulling power, over a limited speed range.

Then there is the continuously variable transmission (CVT). This has a belt running over a pair of pulleys - one attached to the engine, the other to the drive wheels - which change in diameter. There are no forward gears; just a reverse. For accelerating and climbing hills, the engine's pulley shrinks while the other expands - and vice versa for cruising.

The first CVT was seen in DAF's little 33 model 20 years ago. It had a rubber belt and was horribly

rough and snatchy. But the latest ones, as used by Ford and Fiat, have a steel link belt and work very well, although you must get used to the engine spinning at a rate that seems to have no relationship to the car's speed.

Third is the system that FFD-Ricardo believes has the greatest potential: automated, rather than automatic, transmission based on a clutch and conventional synchromesh gearbox. There are only two pedals because the clutch works automatically, and no gear lever because the shifts are made by electronically controlled actuators.

Saab already offers buyers of cer-

tain 900 models a half-way house called Sensonic. The clutch is automatic but drivers shift their own gears. The system, backed by FFD-Ricardo, is like Sensonic, but with the actual gear shifting automated.

At its most basic, it need have only a switch on the fascia to select forward or reverse. For more sophisticated tastes, thumb buttons on the steering wheel would allow a driver to over-ride the electronics and control gear shifting manually.

The Tiptronic system used by Porsche and Audi (although on its A8 luxury model only) gives drivers a choice of automatic or manual control of a torque converter trans-

mission. But it is costly, and the hydraulic torque converter absorbs some engine power.

A two-pedal transmission using an automated synchromesh gearbox would be cheaper and more fuel-efficient. And it would still make driving in motorway tailbacks or slogging city centres a less painful experience than it is in a car with old-fashioned manual gears.

Twin balancer shafts give near six-cylinder smoothness to the 150 horsepower, four-cylinder engine of the

Honda Accord 2.2i ES coupe. A smooth-shifting, four-speed automatic transmission, available as an extra optional extra, complements it nicely.

Made at Honda's US plant, like the Aerodeck estate and the smaller Civic coupe, the 2.2i ES coupe combines up-market elegance and vigorous performance with keen pricing. Although listed at a modest £21,640 (automatic transmission included), this proper four-door has a rear hatchback, a tall people, a saloon car-sized boot, and is fitted as standard with items that normally tend to be costly extras.

These include leather upholstery, air-conditioning, cruise control, airbags for driver and front passenger, ABS brakes, and power-operated windows, sun roof, aerial and outside mirrors. The driver's seat goes up and down under power but leg length and back-rest rake are adjusted manually.

Sharp, power-assisted steering and fairly firm suspension provide precise handling on winding roads. On the downside, you feel and hear the ultra-low profile tyres thumping on poor roads.

Then, too, the unusually high rear deck makes parking in tight places - and reversing on a curving drive - a matter of dead reckoning unless you stick your head out of the window.

Like all Hondas, the Accord 2.2i ES coupe feels rock-solid, and its large doors close with a soft click. Driven sensibly but enjoyably, the 14.3-gallon (65-litre) tank should give a refuelling range of 350 miles (560km).

Belgians have been doing it since 1809; they took the idea from England's Chelsea Flower Show, the azaleas are scarcely believable and, by closing time this evening, 300,000 visitors will have circulated around seven huge halls, to see what is thought to be the biggest flower show in the world.

The Florales in Ghent happens once every five years. Keen gardeners are unlikely to see 10 in their active lifetime and none of them yet has the Chelsea worry, that shows were better in the past.

In 1980, the crowds reached 400,000 at the show's old palace in the middle of Ghent. Parties of French were excluded and mounted police had to cope with their response. Since 1990, the Florales has moved to a modern setting, not a Chelsea tent but a strip-lit expo hall.

The view from the entrance platform is a challenge to English ideas of a garden on a summer evening: thousands of plants of Azalea indica, which are grown as pot-plants for Christmas in Britain, are blazing beneath the arc lights. Some are clipped into tall pyramids, while others have grown to a width which makes bits of Exbury look like a nursery bed. At first sight, you have to like rose-carmine and so I asked Count de Kerchove de Denterghem, show president, how such a performance could ever be staged and financed.

In Britain, the Chelsea Flower Show is widely recognised to need a review. Many of the biggest nurseries consider that the cost of a large exhibit no longer makes sense for them: should sponsors be allowed to finance exhibits in the main tent? Should the RHS allow plants to be sold throughout the show? Ticket prices have risen to limit crowds, but will people go, now that the Hampton Court Show in July has a craft village and lets anyone buy anything which they can move?

At Ghent, discipline is remarkably non-Chelsea. There are not even sales catalogues on the nursery stands; no long-legged Sloanes are trying to sell conservatories and there are no hefty men with the latest power tool. The crowds circulate around a 2km trail. There are no jams, perhaps because no one is bothering the nurserymen about problems with their wisteria or trying to write down Xidolion on the back of a catalogue.

The central azaleas are the showpiece, but the outer halls show temperate plants in specially damp conditions. Masses of white spathiphyllum keep company with amazingly fresh and level banks of Bromeliads. For outdoor gardeners and designers, there is little in it except the spectacle. Many plants are half-hard except for a few simulated shruberies with huge catapals, vast Magnolia liliiflora and Prunus Kanzan, still a Belgian favourite.

Count de Denterghem presides over the Royal Society for Agriculture and Botany in Ghent which was founded in 1808 as an immediate imitation of our own RHS. The RHS has tens of thousands of members, whereas the Ghent Society is confined to 100. A committee runs the Florales by meeting weekly to direct progress in a show year. Like the RHS, the



The Florales: no jams - perhaps because no one is bothering the nurserymen about problems with their wisteria

Joost Vynckel/Alamy

A few lessons from the flower of Belgium

Robin Lane Fox enjoys an extravaganza of azaleas in Ghent

committee is unpaid but they run matters with only one full-time secretary.

The Flanders expo hall is not cheap to hire and as its strip-lighting is unsuitable, the Florales hires 3,000 arc lights and installs them for the occasion. The hall is built up with earth and pathways for a month, whereas the Chelsea Hospital has to be prepared in a fortnight. The five-year interval helps the show's aura, but the result is that the society in Ghent makes £600,000 to £700,000 from the venture.

Unlike the RHS, they offer money prizes of up to £5,000 for a gold medal. Awards are judged by small technical panels of four, not the RHS's unwieldy flocks of sheep. The Ghent Society does not have the expenses of a Wisley round its neck and so it distributes some of the profits back to the growers and disperses the rest in horticultural enterprises throughout Belgium.

The money prizes help, but why do the growers go to such lengths for next to nothing?

There has been one experiment with commercial stands (one hall for Belgians, one for foreigners), but this year, it has been dropped. Belgian growers supply about 50 per cent of Europe's azaleas, although the Ghent hybrids are now thought to be old-fashioned. They also supply much which we then buy in Britain's plant centres at five or six times its wholesale price. Belgian growers need a display, but the Florales is not a covert trade fair.

Foreign exhibitors also attend and this year, the Worshipful Company of Gardeners from the UK won a Fourth Prize of Honour for a woodland and cottage garden, complete with broomstick, which I thought was less folksy than most of those seen at Chelsea. The majority of exhibitors are still Belgian, sometimes showing in partnership, an idea which might enliven the bigger stands in Chelsea's Tent.

When you leave the platform and walk through the alarming blaze of azaleas, you will see

no brown leaves and hardly an unopened bud on varieties from many different seasons. The technical skill is exceptional and the impact is easier to digest at close quarters.

Plainly, the growers are doing it because they can be

I cannot see how the judges pick winners in such a galaxy

seen and known to do it superbly. The nurserymen on Ghent's acid soil are a tight-knit group, where I suspect that much is done through what sociologists call "peer pressure".

I cannot imagine anyone doing it better than Michel Gregoire whose list of azaleas needs to be investigated by anyone planning a woodland

garden in Britain on suitable soil. The bay trees are enormous and all in immaculate flower. I cannot see how the judges pick winners in such a galaxy, but was the president afraid of the future?

The answer sounded like the tension between the Weekend and non-Weekend FT. Yes, Count de Denterghem was fearful. Would the next generation want to show off their skills in defiance of economic values, or would they catch the new financial habit, Anglo-Saxon short-termism, and the youthful gospel across the sea?

English gardeners would certainly reply that the Belgian style of exhibit is very different from the style of Chelsea where many more families of plants are shown and chosen for their value and harmony for gardeners. The Florales is a spectacle of a different kind, but it may be our views on gardening finance, not the style of a show for gardeners, which precipitate a future change.

In this new age of puritanism, we practitioners of the blood sports are having to learn to defend ourselves against charges of sadism and brutality.

One defence occasionally advanced is that we are moved by a force called the "hunter's instinct" - in other words, that we are still hairy men in shaggy animal skins venturing forth from our caves with high-tech clubs to seek meat for our dependents.

This strikes me as self-deluding nonsense. The truth is, like anyone else, we take advantage of our world to amuse ourselves; and our amusement is to hunt, shoot or fish.

Our opponents are those whose assumption of moral superiority is unquestioning, and they represent a potent force. But if we are not honest about why we do what we do, we deserve to lose.

The awkward, unavoidable problem for the blood sportsman is the killing. The prevailing orthodoxy (under challenge) is that it is acceptable for killing to be carried out by the food industry, but not in the pursuit of pleasure. And here we come to the difference between hunting and shooting, and my own chosen method of persecuting living creatures.

I do not hunt and I do not shoot. This is not for moral reasons, but for lack of opportunity. I believe wholeheartedly in the right of those who hunt and shoot to please themselves.

But it remains the case that a shot bird is a dead bird, and a cornered fox is usually a dead fox. The purpose in each sport is to kill, although I do not for a moment think that the essence of the pleasure is in the extinction of life. In fishing, however, the purpose is the catching of the fish. The angler has the choice to kill or not to kill.

No, I do not argue from this that fishing has the moral edge. But the choice is there, and must be exercised. We must be honest and clear-sighted when we decide what to do.

I am talking here about the so-called game fish: salmon, trout and grayling. For a great many years, coarse fishermen in this country have returned their catches alive to the water.

That has evolved into accepted practice, and there is no serious debate about it. But the presumption with game fish has, until recently, been to kill them and eat them. Those of the "hunter's instinct" school - among them the great Hugh Falkus - argue that to return a fish alive is to play into the hands of the abolitionist lobby, by making it crystal clear that the game is about fun, not food.

There is another body of opinion, small but growing, which trumpets the virtues of enforced catch-and-release, thus denying the angler the right to choose.

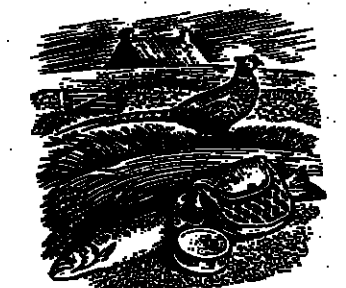
Myself, I subscribe to neither creed. I would not care to fish a river where I could not kill

Fishing / Tom Fort

Live and let kill

my catch if I wished to, nor one where I had to kill (there are trout fisheries in both categories).

These days I kill very few of the trout I catch, but that is mainly a matter of my own convenience. I find it a bore to carry around dead fish, and a bigger bore to have to prepare them for the freezer when I get home. But if someone asks me



for a trout, I am delighted to oblige.

The difficulty I used to have with returning fish alive was the fear that they might not survive. But an article in the March issue of the American magazine *Fly Fishing*, entitled *Hooking Mortality Of Trout*, has satisfied me that my fear is largely unfounded.

The writer, Patrick Trotter, has analysed and assessed a

series of studies of what happens to trout while they are being caught, and afterwards. The conclusions are striking. They are these: that the mortality rate among trout caught on a fly and then returned is no more than 8 per cent, at the highest; that the use of barbless hooks reduces that level significantly; that fish are more likely to survive being caught on a fly than on a baited hook; that a deeply hooked fish is likely to die; that one which bleeds through the gills is almost sure to die; and that the potentially fatal effects of stress during the playing of a fish have been much exaggerated.

Of course, this all presupposes that the trout is tenderly treated. If at all possible, it should be unhooked and sent on its way without being removed from the water. Netting, manhandling, weighing - these must all lengthen the odds against survival.

I am surprised by the American findings, and comforted. The idea of that life continuing is cheering. It puts me more at ease with my sport; maybe it will help others sort out where they stand. Let it be left to individuals and their consciences - and a plague on the houses of the dogmatists.

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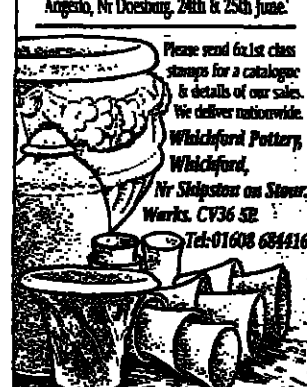
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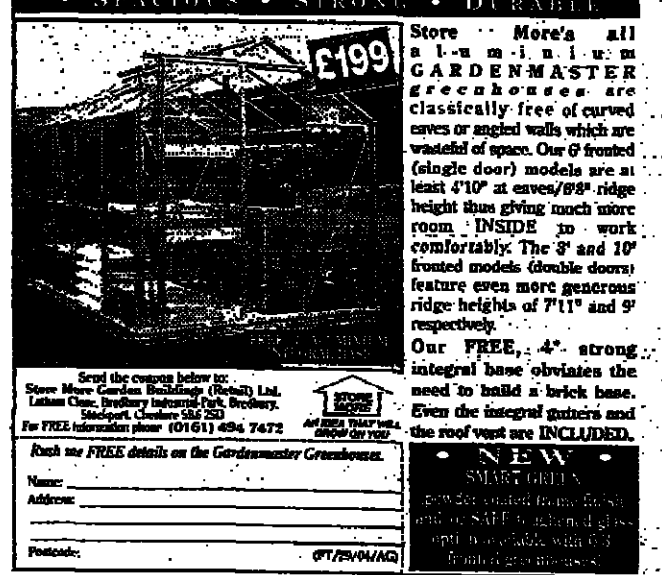
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GARDENING

A treat for more than gardeners

Ladies who lunch can enjoy a top conservatory as much as the green-fingered. Rosalind Russell reports

A beautiful conservatory is a luxury, so if an expensively acquired treat goes horribly wrong, the disappointment is even more acute.

There is no shortage of conservatory horror stories - which means reputable companies have to work twice as hard to convince clients of their product's reliability. But in a market worth more than £250m a year there are bound to be a few unscrupulous characters.

The majority of disputes arise where there has been more than one contractor involved in the project. It leaves scope for manufacturer, supplier and contractors all to blame each other, or the client, for any problems.

Companies such as Oak Leaf, Town & Country Conservatories and Marston and Langinger prefer to handle the whole project, from planning permission to plumbing, relieving the client of unwelcome duties as site overseer. All say their average client spends around £40,000 on a project, although there is a thriving market at around £20,000.

The Tempest family of Proughton Hall, Yorkshire employed Oak Leaf to reconstruct a Victorian domed conservatory which was recommended by English Heritage. The same company also built the splendid 30ft by 18ft conservatory to the Grade II* listed Petersham House in Richmond, Surrey, being sold through Knight Frank and Rutley, jointly with Savills, for £2.85m.

Tony D'Alton, of KFR, said: "A conservatory will add saleability to a property, providing it is of good quality. The conservatory at Petersham House is the best I have seen. But most house buyers look on them as the icing on the gingerbread."

"They may demand a double garage, or a large garden, but

few people say they must have a conservatory."

Conservatories can link two houses, or house and barn. They can even be built using old beams with glazing infill to match a barn conversion. Oak Leaf's building a 20,000 conservatory on an old front one owned by a wealthy businessman in Greenwich, Connecticut.

"At the top of the market, it is not an issue," says managing director Mark Sullivan. "We compete on design."

Marion Warburton was an Oak Leaf customer.

She spent around £38,000 on the conservatory attached to her Georgian home in Retford, Nottinghamshire, after reading about the company in a previous Financial Times article.

"It's a suntrap for her orchids, lemon trees and passion flowers."

"I've wanted a conservatory for years," she said. "I like the idea of semi-garden living. I love being in there. Oak Leaf matched all the bricks and details to the house. After all, you don't want it to look like you got it in a garden centre. They were meticulous."

Warburton's conservatory took longer than usual to build because of delays getting planning permission from the local authority.

"If you want to put up a public lavatory, it seems you get permission in two shakes of a lamb's tail," she remarked with some asperity. "But if you want to build something civilised like a conservatory, they drag their feet."

"We're not listed. We were romping ahead with the plans and then found out. But at least I have it. It's so nice having friends to lunch in there."

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HOW TO SPEND IT

An adult's guide to the computers children want

Joia Shillingford considers multimedia education

Will your children fall behind at school if they do not have the latest multimedia technology at home?

Such fear is encouraged shamelessly by computer suppliers, media commentators and even politicians. But equipping your children for the information society is far more difficult than replacing cassettes with music CDs. Below are 10 questions to assist the technically challenged. If all else fails, you can always ask your children.

What is a CD-Rom?
CD-Rom stands for Compact Disc Read-Only Memory. A CD-Rom disc looks just like a CD used to play music, but to make it work it must be inserted into a CD-Rom drive connected to (or built in to) a personal computer (PC).

Like a music CD, you cannot change the content of a CD-Rom disc or copy over it.

The disc can contain sound, video, image and text. For instance the entry for Nelson Mandela in Microsoft's CD-Rom-based encyclopedia contains not only written information but photographs and video clips of him speaking.

What can it do that floppy disks cannot?
The big advantage of CD-Rom disks over conventional floppy disks is that they can store far more information - typically 600 to 1,000 megabytes of data.

This means you can get a whole encyclopedia on to a single CD. You can fit only 3% megabytes or less on a floppy disk.

CD-Roms are ideal for reference because they can be searched electronically. You can look for words appearing anywhere in the text, eg "composers". When you have found the right section, you can get more information on, say "Beethoven", using a form of electronic cross-referencing called hypertext. Some CDs allow children to search for information in other ways, such as by date or by country.

CD-based reference works have the potential to be a richer learning tool because they can include sound and video clips and animated diagrams, showing how a musical instrument sounds or an engine works.

Electronic encyclopedias now out-sell paper ones, says Penguin, the publishing company.

Copies of text and illustrations (other than those protected by copyright) can also be "cut and pasted" into word-processed reports, such as school projects.

Do I really need it?
No. Any child who reads books, watches television, listens to music and is taken to theatres and museums is already learning in a multimedia way. It is worth remembering that the number one use of

home PCs is to play computer games.

But if you can afford it, CD-Rom is a useful tool and more and more software is becoming available on it.

What software is available?
There are CDs to encourage children's creative writing and artistic skills (*Creative Writer* and *Fine Artist*). CDs to help them learn maths (*Busytown* and *Math Blaster*). CDs to explain how things work (*The Way Things Work*, *Human Body*, *Magic Schoolbus* series). You should choose the software first and then find the hardware that will run it.

For older children or adults, there are unimpeachable encyclopedias including CD-Roms from Microsoft, Grolier Electronic, Compton's NewMedia and others.

Microsoft's *Encarta* encyclopedia costs around £59 and most of Microsoft's other CD-Roms (eg *Creative*

Remember: the number one use of home PCs is to play computer games

Writer) cost £39.

Cultural pursuits are catered for with *Cinemania* (an encyclopedia of film), *Art Gallery* (all 2,000 works of art in the National Gallery) and CDs on composers and musical instruments. And there are all manner of games from simulated golf to glorified space invaders.

Pornography is available on discreet CDs (some packaged with magazines). Even shopping has been captured electronically in the form of CD-based catalogues.

Suppose I am starting from scratch?

The bad news for the first-time PC buyer is that a 486-based PC, fully kitted out for multimedia will cost from around £1,000 to £1,500.

There are plenty of suppliers including Compaq with its Presario range of multimedia home PCs, Amstrad Direct, IBM and Virgin. Olivetti's multimedia PCs can be bought outright, or rented from Radio Rentals for £57.99 a month. After 36 months, the user owns the PC outright. But it is possible to cancel the agreement (or upgrade for an extra fee) after a year.

What do I need if I have a PC?

If you have an old PC at home, forget about upgrading it for multimedia. If, on the other hand, you have a powerful PC (with at least a 386 and preferably a 486 chip inside), you will need:

■ A sound card which must be inserted into an expansion slot in your PC. This is usually hidden under an easy-to-remove panel at

the side or back of your PC.

■ A CD-Rom interface, which also comes on a slot-in card. It is possible to buy the sound card and CD-Rom interface on a single card. This has the advantage of taking up fewer expansion slots and giving you fewer items to install.

■ A CD-Rom drive. This can be a separate drive that plugs into the CD-Rom interface. Or can be designed to plug into a spare disk-drive bay next to your existing disk drive.

You will probably also need several cables (to fit everything together) and speakers (to listen to sound in stereo). Optional extras are a microphone and a headset.

What does a multimedia kit cost?
You can buy all these peripherals separately, but a much better plan is to buy a multimedia kit costing around £199 to £250. Advantages are that all the different components should work together and if they do not you know who to complain to.

It is possible to buy kits for less. Morgan Computer (0121-456 5565) sells one for £99 which includes a single-speed Philips CD-Rom drive, stereo sound card, speakers and software that is compatible with Microsoft Windows.

"With cheaper kits, sound quality tends to be lower (eg mono speakers) and the CD-Rom drive tends to be slower," said Martin Banks of computer dealer P&P (01706-628332). Opt for at least a double-speed drive. Quadruple-speed drives are available but more expensive.

Apple Macintosh PCs are easier to equip for multimedia than IBM compatibles. To add a CD-Rom capability, you simply need to purchase a CD-Rom drive and speakers (for a cost of around £150-£200).

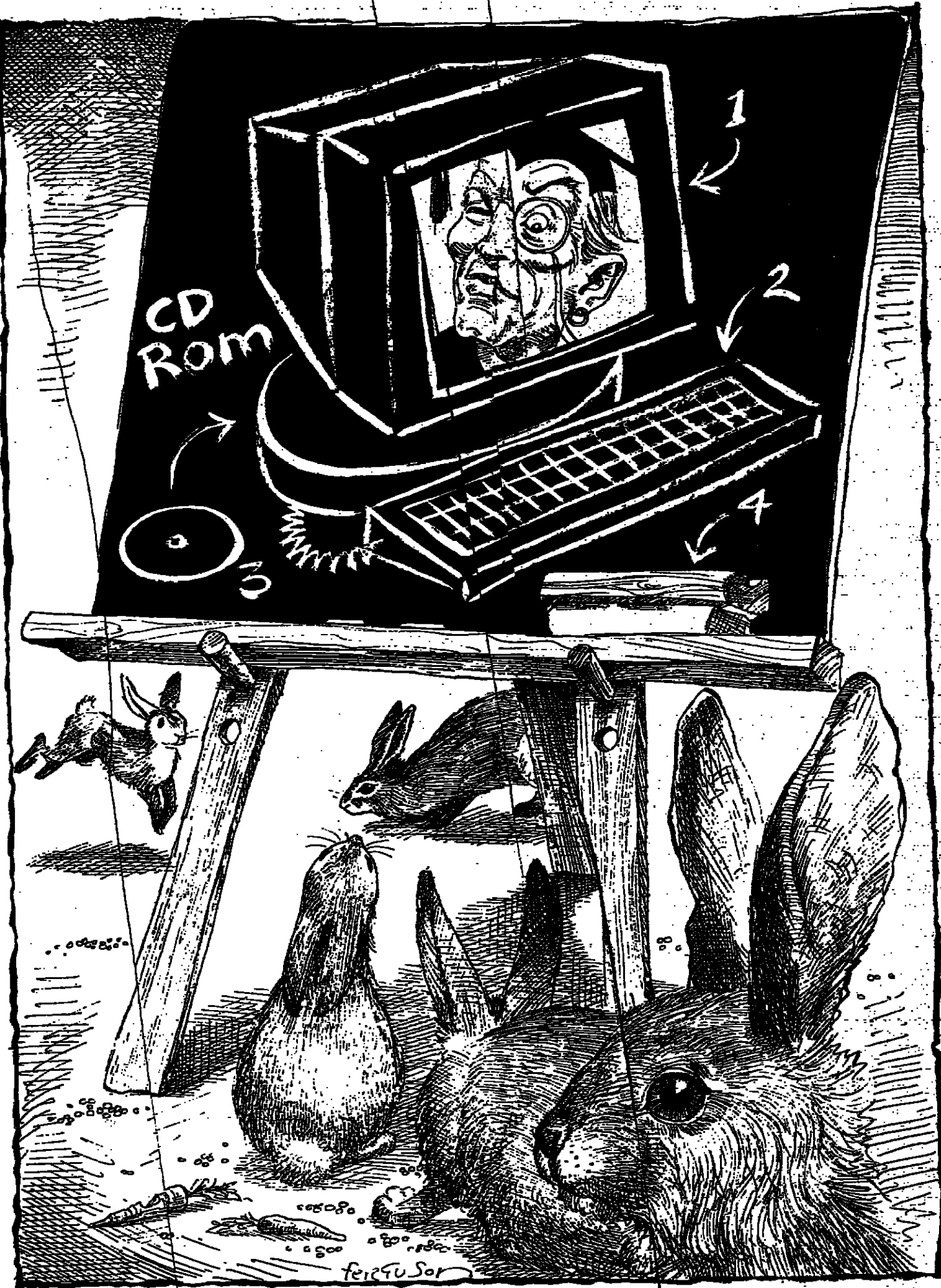
Kanwal Sharma, Apple's media marketing manager, said that so long as you have a colour Macintosh you can plug in a CD-Rom drive. But the newer machines, such as the Macintosh Performa (costing £1,200 or less) have them built in. He says that 65 per cent of all Macintoshes sold in the UK now have CD-Rom drives, as compared with 6 per cent last year.

Are there any hidden costs?
In spite of the availability of multimedia kits, upgrading your PC may cost more than you think.

Your home PC must be at least a 386-based IBM-compatible with four megabytes of Ram (memory) and 18 megabytes of spare space on the hard disk. But you will get better performance from a 486-based machine with four (or preferably eight) megabytes of Ram.

If your home PC sounds nothing like the above, it may be worth buying a new PC with a faster processing speed (ideally 66Mhz or more). Adding extra memory and storage space to an existing machine is usually poor value for money unless you can install it yourself.

What about after-sales support?
The more versatile the PC you buy,



the more can go wrong. Make sure that maintenance and support are included. For example, both Compaq and Olivetti offer three-year maintenance warranties and telephone support. If these are not included, work out how much they will cost separately.

Prices vary but an annual maintenance contract on an Amstrad 386 bought a few years ago costs £3.90 (inc. VAT); the first year was free. A 24-hour software helpline from US-owned ActionTrac UK costs £149.95 a year for home PC use.

And there is a freephone number for calls.

What should I beware of?
Suppliers of multimedia kits provide clearer instructions than they used to (a lot of the early kits were returned) but admit that all except the computer hobbyist will find installation "quite tricky". So you will probably need someone to help.

If you buy from a computer superstore, such as Byte or PC World, they can fit the kit for you if you bring in your PC. However, they

may make a charge for doing so. A local computer dealer is unlikely to give you free help. Alternatively, you can get your maintenance company to send out a site engineer (expect to pay at least £100). Once your PC is kitted out, there will still be compatibility problems. Some different PCs are not made of exactly the same components. Sometimes the configuration software crashes, the video clips don't work, or there are complications with colour or sound.

Even buying a complete multimedia PC does not guarantee that you will have no problems but it is a safer bet. However, the biggest danger when equipping a PC for multimedia is that in six months you will wish you had bought a faster system with a bigger memory. Cheap deals, in particular, usually mean old technology.

So if you are starting from scratch, buy a machine that slightly exceeds your requirements. If you cannot afford it, wait till you can. Your children will be the first to tell you if you have bought a dinosaur.

LE PARFUM POUR HOMMES D'ISSEY MIYAKE

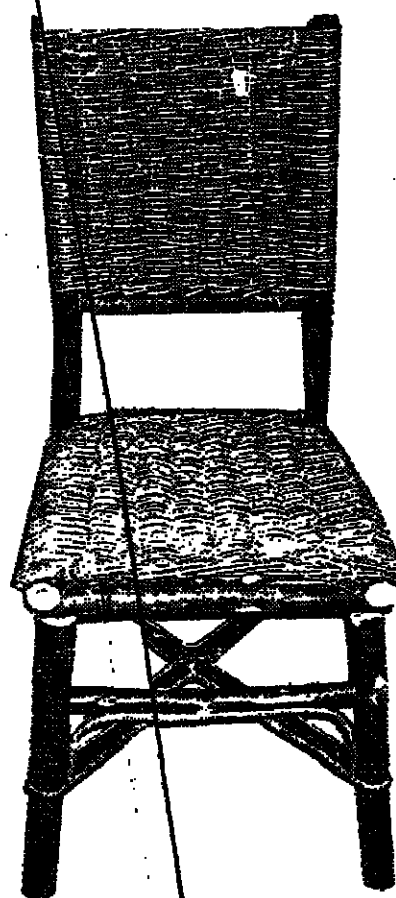
LE PARFUM POUR HOMMES D'ISSEY MIYAKE

LE PARFUM POUR HOMMES D'ISSEY MIYAKE

Chelsea chair

Joanna Wood, a stylish interior designer with a shop of her own at 43A Pimlico Road, London SW1, has produced a range of garden furniture and accessories which will be launched at the Chelsea Flower Show next month.

She has used combinations of smooth wood, bark and branches to produce a distinctly rustic collection. The



Simple style



Bentley & Hillmer is a small new company which produces a range of five small, simple but useful pieces of furniture (photographed above). There is, for instance the small apron table based on a late 18th century fruitwood commode which has a hidden drawer and would make a perfect bedside table or lamp table beside a sofa or chair. There are two small shelving units - one small and gabled, the other horizontal and boarded - a box table with three small drawers and a simple lockable trunk. They are painted in one of five historic (dark greyish green, dark blue, rusty red, light greyish green and cream) or five contemporary colours (cobalt blue, dusky pink, canary yellow, orange or lime green). Special colours are

available at an extra charge. Prices range from £150 for the simple trunk to £175 for the apron table. £17.50 should be added for postage and packing. For a leaflet and all details write to Bentley & Hillmer, PO Box 7, Stow-on-the-Wold, Cheltenham Gloucestershire GL54 1YE. Tel: 0451-870074.

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FASHION

Designer scruffs – so very English

Lucia van der Post on the look for London's smart set that is baggy, crumpled, comfortable and costly

If you happen to see Calvin Klein or Lord McAlpine or even Issy Miyake in what looks like a crumpled pair of trousers, an unironed T-shirt and an exceptionally scruffy and comfortable-looking jacket, do not make the mistake of thinking you have caught them on an off day – they may very well be sporting the latest in understated chic.

For all three, and countless other admirers, are ardent fans of an unpretentious shop at 115 Fulham Road, London SW3, called Voyage where the crumpled, the old and, above all, the comfortable are what the aesthetic is all about.

Voyage is a mere newcomer at just four years old. It was started by its owners, Tiziano and Louise Mazzilli, who had been in the fashion styling and consulting business for many years in Italy and France but as the 1980s began to wane wanted an outlet of their own.

They had begun to tire of the fast-changing cycles of fashion, of clothes that were obsolete almost as soon as they left the shop, of clothing that looked too new and changed too often.

They looked around at Europe's capital cities and hit on London as a place where they liked the people, admired the creativity and where their version of underplayed sophistication would fit in.

They had been much impressed with utility clothing and wanted to create clothes with charm and desirability which did not depend on exhibiting labels. Tiziano, in particular, is fascinated with travel – hence the name Voyage – and almost all the clothing they produce would travel easily and unstuffily to the furthest points of the globe. "I think my clothes are for people who dream. They may have to earn a living but they can wear a jacket with a Nehru collar or a little detail that reminds them of say Nepal or far away places. These clothes say today we are working but our hearts are somewhere else."

The draw-string trousers are a boon to the frequent traveller – loose, baggy, unrestricted round the middle they are one of the classics that Voyage fans come back for. They come in 30 different colours and all sorts of fabrics from cotton and silk to linen and fabric mixes and pin-striped velvets for winter. They range in price from £145 to £185.

Almost everything in the shop is designed and originated by the Mazzillis themselves and although the general air is one of laid-back crumpled charm, do not be deceived – this scruffiness does not come cheap.

All the clothes are made from fine materials – hand-loomed linens and cottons, silk and blends of silk and rayon. The air of the secondhand and the antique takes time, effort and skill to achieve – fabrics are often double-dyed which gives depth and interest to the



The family Mazzilli – Tiziano and Louise with their children Tatum (standing) and Rocky

colours. The costs of all this creative activity – the design studio, the manufacturing – has to be absorbed by one outlet ("Really, we need to look for another outlet," says Tiziano) which in part accounts for the prices.

Voyage's customers understand the sophisticated aesthetics on view. Shirts, for instance, are often presented crumpled and exquisitely, artlessly arranged. "At first," says Tiziano, "we tried a very nice, very clean Jermyn Street shirt which sold steadily and quietly. Then one day we decided to overdo it and we stacked it crumpled on the shelves – customers went mad for them. We couldn't get enough of them. They had become the modern version of the aristocrat's shirt with holes."

That is the unspoken ethic behind the shop – clothing that looks the way inherited furniture is supposed to look, as if it is effortlessly classy, of such inherent quality that although it is many years old nobody could bear to throw it away. And as if to emphasise the ethic hung around the shop

are some of the pieces of antique French clothing that the Mazzillis have collected through the years – the message is, if it is good enough, it never needs to be thrown away, it just goes on looking better and better.

Other classics that are always to be found in the shop are loose, easy shirts made from the pique that is normally used for the centre piece of men's dress shirts but which the Mazzillis have turned into complete shirts – these are immensely popular, come in all sorts of colours and sell for £125 a time.

There is a small section given over to nothing but white shirts – the painter's smock is a favourite with many customers but there are versions for almost every occasion, mostly over-sized, all laid-back.

Then there are navy cotton jackets – a softer, more comfortable version of the blazer. They look faded and crumpled but sport antique buttons.

Chief's jackets, long and short, are easy summer jacketcum-shirts for men and women – again not cheap, costing anything up to £350, but they would never, ever look out of date. They come in white, navy and a changing palette of colours.

Many of the clothes are unisex, single-size and have double uses – there are night-shirts that double as day-dresses or even nightdresses and there are shirts which could easily also be jackets.

These are clearly not the sort of clothes that would appeal to ladies who lunch and devotees of snaffled loafers and gilt-laden handbags. Nor would a captain of industry be likely to wear them in the boardroom. But even captains of industry have other roles to play.

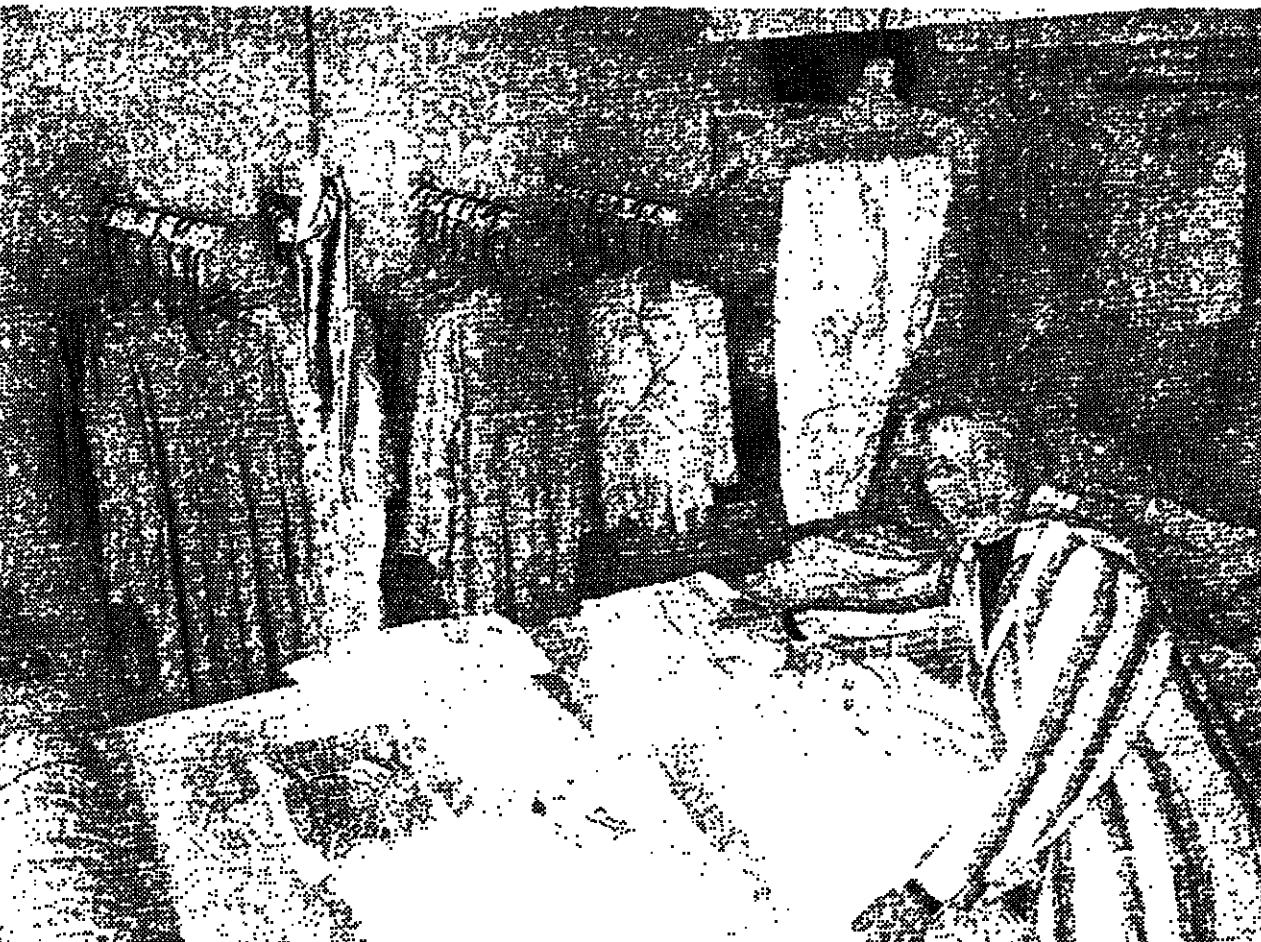
They are perfect laid-back English-style – a little too dishevelled possibly for the French and Italians who prefer a nattier, more dapper style *Anglais*. They are for those who have a sophisticated eye, who understand the inherent qualities of fine materials, good workmanship and easy, relaxed styling.

No wonder that buyers from many of the top American stores make regular visits to Voyage to see what new ideas have come out of the designing studio of the Mazzillis. "Selling samples which we know perfectly well are going to be cut up and copied has become quite a big business for us," says Tiziano.

Photographs Tim Jenkins
Drawings Kim Dalziel



The comfortable, creamy silk summer dress, in linen blue check, is £295; the white pique shirt is £125; the faded cotton jacket is £395 and the much sought-after drawstring trousers, £145.



Louise in La Buserie, the basement area of the shop inspired by a traditional French laundry

In Brief / Lucia van der Post

Made to measure – in your home

Hard times may not be much fun for retailers but there are usually a few happy spin-offs for their customers.

Even the most elevated of companies has been forced to look at new ways of pleasing its customers – and although Britain still has light years to go to attain the standards of service that Americans take for granted, things are looking up.

At Aquascutum, for instance, for the busy man in the London area who would like a made-to-measure suit but hasn't time to visit the shop, the shop will go to the chap.

Stephen Thomas can be summoned to your house or office with waxes, patterns, measuring tape and ideas.

The customer chooses the fabric and details – vents, lapel shape, working cuffs, etc – and Thomas organises the suit-making in the Aquascutum factory.

The suit will have fully canvassed linings – a mark of proper tailoring – as opposed to stiffer fused linings. The only difference between these suits and fully bespoke ones is that they are not entirely handmade. Suits take six weeks to be delivered and the extra cost is just 10 per cent over and above the cost of a standard ready-to-wear suit. The average Aquascutum sells

for about £550, with the price of the made-to-measure version around £595. Ring Stephen Thomas on 0171-734 6090 for more details.

The new smart suit needs smart new shoes. Tim Spencer, a cobbler who did a two-year course in footwear design at Cordwainer's College followed by an apprenticeship with John Lobb, will visit potential customers either at home or in the office but he makes a small extra charge for the visit, which depends on how far he has to travel.

He aims to keep his prices down by adopting much the same policy as Aquascutum – that is, a made-to-measure service but he uses machines to standardise some of the processes.

All the materials are of high quality – the uppers are all of fine calf leather, fully lined, insoles and stiffeners are leather and each shoe is hand-lasted, welted and interlined. He has a small workshop in Hackney, east London, which keeps his overheads low.

Shoes take between three and four months to be delivered (at John Lobb the first pair of shoes takes between five and six months to make and they are not forthcoming on the length of their waiting list. The first pair of, say brogues, costs £1,170, plus VAT). At Tim Spencer prices range from £310 for a basic

Oxford or Derby, to £370 for a full brogue or boot. Ring Tim Spencer on 0171-249 3754 for further details.

It is hard to beat cool, elegant linen when it comes to summer. Workshop, well known to How To Spend It readers for its crisp and clean simple white shirts, has a splendid selection of linen in its current mail order brochure, all ready for the summer.

Hot favourite is its loose, easy shirt dress which is simply a long over-sized shirt with a shirt-tail hem and a single pocket. Nicest, in my view, is pure white. It also comes in navy, cream and a cream, stone and navy check. Wonderful value at £84.50 in the plain colours and £88.50 in the check.

Another favourite for off-duty wear is the big overshirt with a single pocket which is

designed with men in mind (it has men's buttoning) but is proving exceptionally popular with women. It comes in olive, stone, navy white and taupe as well as in two checked linens. In plain linen it is £74.50, in checked versions, £79.50.

Workshop tries to dispatch all orders within 72 hours but asks customers to allow for 28 days in cases where there has been a run on a particular design. Shirts returned

unworn within 10 days of dispatch can be exchanged.

Workshop clothing can be bought from either of its two retail shops, from Mondays to Fridays, 10am to 6pm – 52 Bow Lane, London EC4M 9ET and 1 Canada Square, Canary Wharf, London E14 4QT.

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FOOD AND DRINK

Drunk in charge of a wine column

Tale of a day in which Jancis Robinson tastes 197 - or was it 216? - wines

I was the 189th wine that really did me in. Not that there was anything inherently vicious about Mumm Cuvée Napa. Just that when you have, by an extreme exercise of will, managed to hold yourself together to taste nearly 200 wines by 3.30pm, you tend to fall apart when you reach the last one.

I can just about decipher my tasting note: "a bit raw and sweet". But that is not to be taken as gospel, folks. I felt as though all I wanted was to go home and enjoy a lovely long sleep, but by 6.30pm I had to be in Westminster School's medieval dining hall, spouting forth knowledgeably about eight more wines...

Tuesday April 4 was a silly day. There was not just one but two of the marathon wine tastings which British retailers routinely organise in their attempts to maximise press coverage. The theory seems to be that the more bottles to which wine writers are exposed, the greater the likelihood of their finding some, or at least one, they will like sufficiently to mention in print.

So off I trotted to rinse my palate, first in Majestic's offerings at the University Women's Club in South Audley Street, London, and then in Safeway's at the Vintners' Place development in the City.

But before any of that, indeed before breakfast, I have to "look at", as we say in and around the wine trade, three Chilean wines for an article to be dispatched to these pages that very morning. So I have - I would not say enjoy - my first wine of the day at 6.30am.

But even worse, or better, or whatever it is, before I can get to those mass market wines, I have to go out to Hutton Cross near London airport and perform my duty as a recently recruited wine consultant to British Airways.

By 9.30am wine writer Hugh Johnson and Master of Wine Colin Anderson and I have our heads

The best from a busy day

■ Kirchner Schwarze Beerenauslese 1993, £3.99 a half, Majestic. A sweet wine bargain from a lovely vintage. Delicious grapefruit syrup. Serve well chilled.

■ Vina Abell 1994 Valdepeñas £2.99 Safeway Pure, unadorned Tempranillo fruit, in spades.

■ But the most delicious wine of the day by far was Beringer Howell Mountain Merlot 1991, £19.98. California sophistication at its most sumptuous. A beautifully made answer to claret that is delicious already.

down and noses in to 35 unidentified Spanish reds for Club Class. Once we agree on one (although not many more) gorgeous rioja, we then have to assess the relative maturity of five eye-wateringly young clarets so that Peter Nixon, BA's wine supremo, can decide which order to allow these wines to fly away from his cache of bottles for First Class and Concorde.

On the Tube train back to Green Park, fortified by BA sandwiches, I try to convince myself I am fighting fit and can hardly wait to try the 108 wines Majestic have lined up in the university women's library (a most distracting location).

We wine scribes take time off between mouthfuls and note-taking to gossip, not about individual

wines but about our colleagues' book advances.

I taste the 88 wines which most interest me (or rather, as I perceive it, you) and repair to the Ladies to try to rub some of the black stains off my teeth and fingers before trekking over to Safeway's line-up.

On the pavement outside I meet a colleague who has decided to tackle the day's twin peaks in the reverse order. We sigh long-sufferingly about the absurdity of our workload and mark each other's cards.

"Bulgaria's pretty good. They're all saying about the south of France, but I don't see it," is his verdict.

On to an empty suite of offices overlooking barges full of London's detritus where Safeway has opened an even more optimistic 120 bottles. A plate of bread and cheese helps but I can still manage only 58. The Cuvée Napa finally does me

in.

When wine is tasted for work rather than pleasure, the aim is to experience all of the wine's characteristics except the fun bit, the alcohol. Accordingly, we look, we sniff, we swirl around our mouths and we then spit. But we inevitably absorb some alcohol as vapour, and even the most efficient spitter tends to let some of the liquid dribble down the throat, however unintentionally.

I once experimented and found that the difference between what I had taken into my mouth for 30 "tastes" and what I spat out was about a glassful, which suggests that by the time I reached wine number 189, I'd drunk the equivalent of nearly six glasses, or a bottle of wine. No wonder I was feeling so... frail? Jaded? Involuntarily intoxicated? Drunk?

I reeled off to Bank Tube station, happy to slump even in a Northern line carriage, for a few undisturbed, illiquid minutes. A bath slightly revived me, as did an early evening run from a taxi to Westminster because we got stuck in a traffic jam and were almost late for the tasting I host annually for a solicitor friend.

The theme this year was "Some of the Most Delicious Bottles in the World", and I can assure you that, in spite of the scores of wines already floating round my system, the Chateau Margaux 1983 (a silly £89.99 at Oddbins Fine Wine shops) hit it just as gracefully and inspirationally as it ever has done.

The solicitors were kind enough to say it was the best tasting ever. I do not remember dancing on the table, but I do remember one very direct result of all the wine I'd tasted. I, a maths graduate, somehow managed to tot the total number of wines I tasted up to 216 rather than 197.

And the day after? Easy peasy. A mere two tastings and Hugh Johnson to dinner.

Fish heads for aficionados

Kieran Cooke puts some real fire in his belly

The Margaret Rutherford lookalike leaned closer. It was Miss Marple, confidentially imparting a vital clue she had uncovered. Her face had the look of an excited bloodhound.

"There is nothing absolutely nothing like it." She paused for dramatic effect. "A damn good curry. The hotter the better. We always had one for Sunday lunch in India." (She pronounced it Indyah.) "Reggie, my late husband, swore by them. He said a good curry would kill any bugs in the system. Wash it down with a few beers, a little zizz in the afternoon, and you'd feel absolutely tip-top."

Miss Marple, the relation of a relation, sat in the back of a Kuala Lumpur taxi, bubbling with expectation. We arrived for Sunday lunch at the best curry joint in town.

The Imbi restaurant is nothing special to look at. In fact, it is downright tatty. A few tables under some trees. A man with a crude machine squashing stalks of sugar cane to make juice. Bird song fills the air.

The Imbi is a favourite meeting place for the local bird fanciers. Chinese shopkeepers stroll in with their feathered friends twittering away in elaborate bamboo cages. Pets are examined and discussed over lunch. It is the eastern equivalent of taking the dog to the pub.

The speciality at the Imbi is fish head curry, and Miss

Marple is like a shark after its prey. She charges over to the tureens, each measuring a yard across. She dips her head into one. Brown liquid bubbles away. The scent alone would lift the top of your head off.

"Ah, this is what I've been waiting for," she says, as if her departed husband had been delayed by a game of polo. Her eyes are streaming, not from

There is a considerable amount of flesh to be found around a fish head's eyes, cheeks and gills

emotion but from the pungent smells. Her jaws are flushed.

Fish head is not to every one's taste but veterans of the curry circuit - distinguishable by their fiery breath and slightly mad eyes - swear it is the king of the hot-pot. Crack your teeth on one of those craniums and you are hooked, they declare.

Miss Marple did not hesitate. She selected one of the biggest fish heads available. (If that was the skull, what size had the rest of the beast been?) "The eyes are white and popping out," she said. "That

means it's cooked."

The Indian waiter nodded, approvingly. He recognised a fish head aficionado when he saw one.

The delicate eater might choose to use a fork and spoon to eat this dish but the correct way is with the right hand. First, a banana leaf is put on the table. This is filled with rice, mouthfuls of which serve as an excellent antidote to the fire of the curry.

Westerners might jettison the fish head, but there is a considerable amount of succulent flesh to be found round the eyes, cheeks and gills. Miss Marple is digging away like a deranged brain surgeon.

"The trouble with many people is that they are so squeamish when it comes to food," she says, picking up, then carefully discarding, a fish eyeball. "I don't believe in wasting anything. Do be a gent and order another beer."

There is something very satisfying about eating with your hand. You squeeze the rice into balls, then dip it in the curry sauce. You lower vegetables into your mouth like a bird feeding its young. There is a basin in the corner for a post-curry wash and brush-up.

We rise, a little unsteadily. Miss Marple gives an unwhipped yawn. "Reggie always wanted to judge how good the curry was by how quickly he went to sleep. Sometimes he just popped off while he was still at the table."

Tummies doing the hokey cokey, we bounced off in the



taxi. A satisfied, snuffling snoring soon punctuated the air.

■ The Imbi Fish Head Curry Restaurant, off Jalan Tun Razak, Kuala Lumpur, Malaysia.

■ Cookery note. For those who want to try something different, most fishmongers will save and sell their fish heads very cheaply. A decent sized head or two, at least the size of your hand, is needed. Best is red mullet, salmon or cod. Any

good Indian shop should sell the other ingredients.

Method: Marinade the head with salt, pepper and tamarind juice. Mix curry powder, turmeric powder and a small amount of water to make a paste. Fry about five ladies fingers and two brinjals (cut into pieces) in oil until light brown.

In the same oil, fry half a dozen cloves of chopped garlic, eight sliced shallots and half a teaspoon of whole mixed

spices. Wait until the fragrance starts coming out, then add two sprigs of curry leaves. Add the curry powder mixture and bring to the boil.

Add the fish head and cook until the eyes go white or pop out of their sockets. Add in the vegetables and, lastly, two big tomatoes, cut into pieces. Serve with white rice - and some liquids to put out the fire. Beer is best; the taste of wine is lost amid the curry.

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Nicholas Lander

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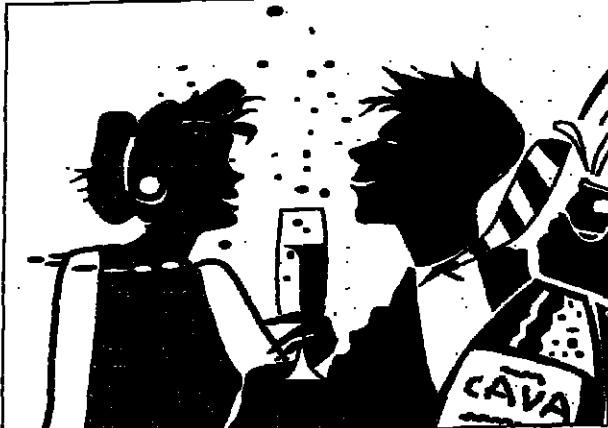
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BOOKS

Black through a rose-tinted lens

Caryl Phillips analyses two attempts to elucidate the 'colored' man's lot

Henry Louis Gates is well-known in American academic circles as a phenomenon. Having moved quickly through the Ivy League ranks as a student, with degrees from both Yale and Cambridge, he has since taught at Yale, Cornell, Duke and Harvard. He is presently W.E.B. Du Bois Professor of Humanities, Professor of English, and Chair of the Afro-American department at Harvard.

Colored People marks a significant departure in the writing of Gates, who has hitherto been best known for his critical essays, particularly the American Book Award winner, *Loose Canons* (1992), and the ground-breaking *The Signifying Monkey* (1988). His rewriting of African-American literary history has been work of the highest importance. But with this new book Gates writes about himself, his upbringing in the small town of Piedmont, West Virginia ("Population 2,565. Colored Population: 351").

The book traces the first 18 years of Gates's life, from 1950 to his departure for Yale in 1968. He came of age in a period when the adjective changed from the quaint "colored" of the 1950s, to the more dynamic "negro" of the civil rights movement, to the out and out angry affirmation of "black" that came in the wake of the death of Martin Luther King Jr. and the emergence of the black power movement. Gates is clear about where his preference lies: "I don't mind any of the names

myself. But I have to confess that I like 'colored' best, maybe because when I hear the word, I hear it in my mother's voice and in the sepia tones of my childhood."

The dominant tone of the book is nostalgic recollection, a tone which is not to be found in the recent spate of black autobiographical writings such as Brent Staples's *Parallel Time*, or Nathan McCall's *Makes Me Want to Holler*. There is also precious little in the way of humour in modern African-American books. *Colored People* is a valuable corrective to this, but at times one does wonder about the authenticity of the author's memory. Gates talks about "the day in 1951 when Bobby Thompson hits a home run in the bottom of the ninth to beat the Dodgers and win the pennant for the Giants." His elated father began to jump all over the furniture to the extent that it scared young Gates. In fact, "it scared me so much that I started to cry." It is a delightful anecdote, but Gates could, at best, only have been a year old at the time. Did he really "remember"? One is left with an uncomfortable feeling that much of what happened might have occurred solely in the hip, fertile imagination of a very intelligent young boy, whose upbringing was only tangentially con-

nected to what was going on in the rest of the world. Politics beyond Piedmont are alluded to, for instance when Gates describes the "colored" town's first encounter with the civil rights movement. But can it all have been this simple?

"The simple truth is that the civil rights era came late to Piedmont, even though it came early to our television sets. We could

COLORED PEOPLE
by Henry Louis Gates Jr
Viking £15, 240 pages

THE BLACK DIASPORA
by Ronald Segal
Faber £17.50, 432 pages

watch what was going on elsewhere on television, but the marches and shins were as remote to us as, in other ways, was the all-colored world of Amos and Andy - a world full of black lawyers, black judges, black nurses, black doctors." One longs for Gates to put aside sentiment and tackle the issue of his own development, Piedmont and civil rights in a more vigorous manner.

Colored People attempts to chart territory where a "colored man" might dwell without having to choose between Bach and James Brown. To define a place where a man can be a man and still be culturally black. *Colored People* is by a man who has journeyed far beyond Piedmont to say, "Yo! What's up? I still speak your tongue!" But in order to understand the nature of the journey one has to be fully aware of where its author has now arrived. In other words, the book needs to be viewed through the prism of Harvard.

Gates is attempting to subvert the notion of a book about the loss that accompanies progress, and introduce Professor Gates the academic to "Skipppy" Gates the homeboy. A synthesis of these two persons into one offers the black intellectual a way to reclaim his past without giving up his present. Precisely the task which the author hopes to achieve in his professional and public life.

Ronald Segal's *The Black Diaspora* spans five centuries, and a dozen countries, moving between places as diverse as Guyana and Brazil, Britain and the US, tracing the lives and history of the people of sub-Saharan African origin who dwell in the west. He tightly chooses this

southern part of Africa, for he is concerned with tracing a diasporan people who have been preoccupied with the term "black", a term which emerged out of the racial politics of the modern slave trade.

The problem with the book is its ambition. Segal is careful to distance himself from failure by stating that this is not a definitive book. In fact, he admits that the book is the synthesis of the work of many historians "with observations, a compass, and an argument of its own". It is, however, difficult to see what the author's argument is, particularly when reading the chapters relating to Britain. Clearly Peter Fryer's groundbreaking book, *Staying Power*, has provided Segal with his source material, but Segal seems to have regurgitated the material with very little attempt at independent analysis.

In the "new" material toward the end of the book, Segal spends a chapter looking at diasporan music. However, he allocates only a brief paragraph to the black British contribution, and mentions only Courtney Pine. What about the reggae band Aswad, or Junior (who was the first non-American to appear on Soul Train), or Soul II Soul who are hugely successful in America? Further, the mere paragraph and a half

given over to Bob Marley suggests a more fundamental lack of understanding of both diaspora and music. Marley single-handedly subverted the western notion of the Caribbean man as barefoot supplicant. He is also the first truly global superstar that the Caribbean diaspora has produced. A paragraph and a half?

To Segal's credit, he imagined this book as far back as 1961, and has waited for somebody else to take up the task. Eventually he undertook the task himself. He is qualified to do so, having an impeccable track record of achievement in his work against the apartheid regime of his home country, and having written on America and Africa in the past. But the book is a disappointment. Occasionally he does make a good, original point, such as his brief look at homophobia in the diaspora. However, it is in the nature of the book that such points are raised only to be dropped quickly as he rushes on to the next century, country, or subject.

One of Henry Louis Gates's many on-going projects is the editing of the *Encyclopedia Africana*; I imagine that this is the project that Segal should have been involved in. Its completion will render *The Black Diaspora* largely redundant. However, one longs for a memoir from Segal which deals with his remarkable years as a white, Jewish, South African embroiled in the ANC struggle against apartheid. Now that would be a book unlikely to be swept away by time and the scholarship of others.

With the arrival of the 20th anniversary of the fall of Saigon and the end of the US-Vietnam war, it was almost inevitable that Tim Page would bring out some kind of memoir; and that Richard West would again burst into print.

Page was one of a group of gung-ho photographers in Vietnam at the end of the 1960s when the US presence in the country was at its height. They spent their time either risking life and limb in free-fire zones, or relaxing in Saigon (now Ho Chi Minh City) in a marijuana haze against a backdrop of very loud music by the Doors, Janis Joplin and the Rolling Stones.

Some of the group, like Sean Flynn (son of Errol), disappeared and were almost certainly killed by the Khmer Rouge in Cambodia. Page himself was seriously wounded three times. On one occasion he had part of his brain blown away and was pronounced dead on arrival at hospital. He sur-

DERAILED IN UNCLE HO'S VICTORY GARDEN
by Tim Page
Fountainhead Books £14.95, 249 pages

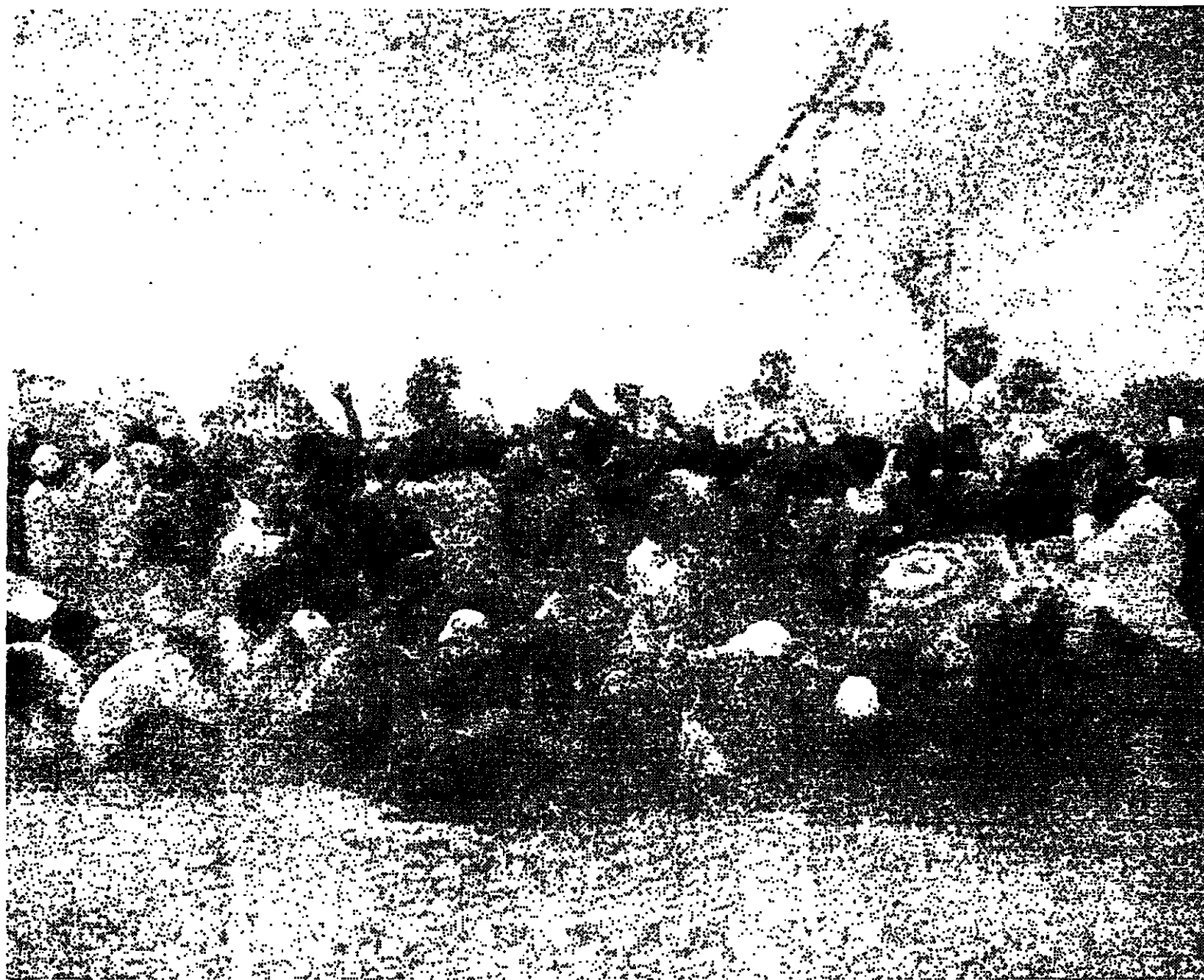
WAR AND PEACE IN VIETNAM
by Richard West
Scribner Stevenson £20, 354 pages

vived, and after a period of what he calls junk, alcohol, pain and depression, he refocused on Vietnam in the 1980s, returning as often as possible as a tour guide, a photographer, a tourist and a sometime lecturer in media studies at the University of Hie, the old imperial capital.

I picked up this latest book with mild trepidation. Page was, and is, a marvellous photographer, not only of war but also of a peaceful Vietnam, as his latest book of photographs *Mid Term Report* shows. But he was never known as a wordsmith. He talked in a combination of the GI and hippy slang of the day. Here, I suspected, would be one more book recording America's Vietnam agony.

Yes, the Vietnam war was traumatic for the US. Some 58,000, mostly young men, were killed. A US president, Lyndon Johnson, was turned out of office and the experience has continued to condition US foreign policy. No US president since Vietnam has involved American troops on the ground in a major conflict. It is one thing to invade mini-states like Grenada and Haiti. But does the US want to involve itself in a protracted struggle like Bosnia?

The US agony has been well documented in countless films and books and is currently being disinterred in a TV series. But what about the Vietnamese suffering? The 58,000 American lives compares with at least 2m Vietnamese killed during the American involvement. When the nationalists/communists won on April 30 1975 they sent tens of thousands of Vietnamese to re-education camps: in other words concentration camps. Some were let out fairly



Conflict in context - one of Tim Page's photographs of war and peace in South East Asia

The real victims of 'Nam

Stewart Dalby on the benighted state of a country which should be starting to flourish

quickly but others were incarcerated for years.

Around 1m people took to the sea in rickety boats without navigational aids. Those who survived washed up in camps in Hong Kong and Thailand.

Successive US administrations maintained a trade embargo against Vietnam until the Clinton administration. Clinton, as is well known, has never been anywhere near Vietnam, and his lifting of the embargo might turn out to be one of his cleverer acts.

The embargo meant no funds from the World Bank, the IMF or other donors, and deepened Vietnam's poverty. Ostensibly the ban was maintained because of the MLAs (Missing

In Action.) In truth, one has always suspected that behind the embargo was a sense of pique that the mightiest military power in the world was defeated by "little men in black pyjamas wearing funny straw hats". It is slightly ironic in the light of all this that the US media is planning a massive invasion of Vietnam this week-end. There were, as I recall, only six representatives of the US media in Saigon when it fell. One of them, Peter Arnett, is a New Zealander.

Page's book turns out not to be a howl to the US involvement, or a mawkish walk down memory lane. There is, it is true, the annoying slang. There is lots of talk about

sliffs (marijuana) and jays (joints), and many references to the old days. But the technique of referring current travel to events during the war does give the book a useful context that is strikingly absent in travel books written by people who were never in the country before 1975.

Surprisingly, or perhaps not surprisingly since Page is a photographer, the descriptions are ravishing. One passage on the Hai Van Pass, south of Danang, springs off the page. It made me immediately want to return. But what the book underlines above all is the continued benighted state of a country which should now be starting to flourish. The potholed

roads, the cratered countryside, the unchangeable travellers cheques, the hopeless railways and the chaotic administration all speak ill of how the US, having lost the war, contributed hugely to keeping the country on its knees through its spiteful embargo.

Richard West finds the country infinitely more pleasurable since the Russians left. This is his third book on Vietnam. The first two, *Sketches of Vietnam* and *Victory in Vietnam* were memoirs. *War and Peace in Vietnam* is another sketch.

West has been travelling in Indo-

China since 1983. He knows it intimately, describes it lovingly and has some keen insights.

In pursuit of independence

Malcolm Rutherford on the radical views of a headstrong republican

There were also faults in Paine's judgments. It was one thing to attack the monarchy; to attack the church as well led to an accumulation of enemies. And the country that Paine was conspicuously wrong about was Britain.

John Keane writes that his political life of Paine is about the fiftysomething biography so far. Probably it is the most comprehensive in that it covers both the life and the works. It may be the most objective in that Keane has no obvious axe to grind: the warts are there along with the common sense. There is also new material about Paine's youth.

He was born, the son of a Quaker, in the Norfolk borough of Thetford in 1737, and left school at 14. Keane notes that he may have been influenced by the ritual of the local assizes and Alexander Pope's line: "Wretches hang that jurymen may dine". Some spirit of rebellion crept in early.

Paine was twice married young. The first wife died; from the second there was a still unexplained separation. Keane declines to speculate on how far Paine was affected by these events, but they are worth recording. He may have been a lonely man thereafter.

The rest of the early life showed only a few hints of what was to come. Paine was a corset-maker, then switched to customs and excise where he measured brewers' casks in Grantham, subsequently the home town of Lady Thatcher who sometimes quotes Paine on liberty. He fell out with the customs authorities and had a spell teaching at a private school in Kensington, where he attended Royal Society lectures and met Benjamin Franklin.

But it was back to customs and excise before the Franklin connection took hold. Paine was reinstated at the Sussex town of Lewes, near a small fishing village on the nearby

coast called Brightelmston, which was rife with smuggling. Paine had to look after it. Later the name of the place was changed to Brighton.

Lewes had other advantages. It had a lively newspaper in the *Sussex Weekly Advertiser*, for which Paine wrote under the pen-name of Junius. There was a whiff of radicalism in the *Sussex* area. Paine was an

active participant in the Headstrong Club which, like the *Advertiser*, smacked of republicanism. One of its members noted that he seemed "a shrewd and sensible fellow who showed an unusual depth of political knowledge". Paine advocated a trade union to enable excisemen to be better paid.

When his second marriage broke up, however, Paine used the Franklin link and moved to America in 1774. The rest of his story is much better known. In the *Pennsylvania Magazine* he found a newspaper that was even more progressive than the *Sussex Weekly Advertiser*. America had the closest there had ever been to a free press. Paine was in his element and introduced eye-witness reporting. He wrote the pamphlet *Common Sense* (initially called *Plain Truth*) which urged the Americans on to independence, democracy and republicanism. In short, he was in the right place at the right time.

Paine went on to higher things. He produced *The Rights of Man* and *The Age of Reason*, but perhaps it was never again quite such glad confident writing. He made the mistake of thinking that the French revolution would replicate the American. He was extremely fortunate not to have been exe-

TOM PAINE: A POLITICAL LIFE
by John Keane
Bloomsbury £25, 644 pages

cuted in Paris as the revolution gave way to terror, but brave and characteristically independent to have urged that the French king should not be killed: he thought he should be granted asylum in America.

Paine was even more wrong about Britain. He assumed that after the American and French revolutions his old country would go the same route. Thus he advocated a French invasion via the Norfolk coast to encourage the natives to throw off their shackles. Not even Napoleon fell for that. What Paine had failed to note was that, during his absence, there had emerged a kind of British Protestant nationalism that would have little truck with foreigners, whatever the imperfections at home.

The only fault (and it is a large one) in Keane's book is that it fails to give much idea of what Paine was like as a man. How did he manage all that reading, writing and drinking? How was he such a mixture of charm and cussedness? Tom Paine, said a German admirer, is "better in print than in the flesh". Perhaps that was true, but more explanation would help.

After the revolution

Ian Davidson admires a French study which grapples with the conundrum of communism

This is a remarkable book. François Furet is well-known as probably the leading historian of the French Revolution. He has thus become something of a household name in France: in 1989, the 200th anniversary of that great event, he appeared on all the television panels and was interviewed in all the magazines. So when he breaks out of his well-trodden speciality, and produces a book about the ideas of communism, that is in France a significant intellectual event in itself.

As a result, his book *Le Passé d'une Illusion* has immediately become a popular hit. Its success is a characteristically French event: they have long been interested in revolutions, their own as well as other people's.

But everyone has been waiting for a book like this, to help us grapple with the conundrum of communism. When Francis Fukuyama declared that the fall of the Berlin wall and the collapse of Soviet communism spelled the end of history, he pulled off a successful popular stunt, but his simple verdict smacked too much of predictable right-wing American triumphalism: worse, it gave no understanding of the meaning of the long communist drama.

Without some deeper understanding of the mystery of communism, it is hard to know whether the curtain that has just come down marks the end of the tragedy, or just the beginning of an interval.

Furet's tentative conclusion is that it is both. The communist programme and the Soviet system have gone down with all hands, beyond all salvage. On the other hand, the internal contradictions of our politico-economic systems, which communism was conjured up to address, remain unresolved. Therefore, democracy will again try to address them.

In that sense, Furet's verdict is the exact opposite of Fukuyama's. This is partly, no doubt, because he feels the contradictions of capitalism; he was himself when young briefly a communist. But in any case the idea of a final solution may have less appeal for a European historian than for a political analyst at the Rand Corporation.

Furet's main purpose is not to pass a verdict on the past, but to try and understand it. More specifically, it is an attempt to grapple with its central mystery, which is its ideological basis.

Political ideology, according to Furet, is what marks the 20th century off from all its predecessors. In earlier ages there were of course great debates on political theories, and the French Revolution precipitated many new theories of political improvement. But until the 20th century, there had never been an ideological regime.

Then all of a sudden there were three of them: communism, fascism and nazism. This in itself is a puzzle which needs explaining.

For Furet, it is the first world war which was the essential crucible for the eruption of the new extremist regimes: the unprecedented violence of that unimaginable war created the opportunity for Lenin, and precipitated the sequence of events which paved the way for Hitler. Yet this explanation itself stands

in need of explaining. No-one has yet provided a really convincing explanation why the first world war had to break out; the assassination of a wretched Archduke in Sarajevo seems to Furet entirely inadequate. To be sure, the turn of the century marked a growing confrontation between European states at the ultimate paradox of empire, but if this is the cause, Furet finds it difficult to match it with the effect. In short, there is a mystery about the material antecedents of the Russian Revolution and the founding of the Soviet state.

But there is another mystery which is, in its way, even more baffling: the international credibility of a system which, it rapidly became clear, was built on lies. The true nature of Stalinism was known or knowable long before the second world war; but many left-leaning intellectuals in western Europe remained loyal to Moscow long after all the original hopes had been comprehensively betrayed. Some

LE PASSE D'UNE ILLUSION: ESSAI SUR L'IDEE COMMUNISTE AU XXE SIECLE
by François Furet

Robert Laffont/Calmann-Lévy
FFr149, 580 pages

clung to the faith until 1956, when Khrushchev denounced Stalin's crimes - and then invaded Hungary; the wreckage of the French Communist Party is still loyal to the memory of Soviet communism, even though the Soviet Party exists no more.

Part of Furet's explanation lies in the antagonistic complicity of Soviet communism with its totalitarian twin, the Third Reich. Amidst the universal exorcism of Nazi crimes Stalin was able to gloss over his own, by posing as the leading anti-fascist power.

But in the last resort, Furet traces the sources of his puzzle back to the French Revolution (surprise, surprise). The overthrow of the ancien régime precipitated the emergence of bourgeois society, and gave new legitimacy to the principles of liberty and equality. Unfortunately, but unavoidably, it failed to resolve the contradiction between the social principles of democracy, and the individualistic interests of the market place. This contradiction generated the hatred of the bourgeoisie, from both right and left, which runs as a constant theme of European literature in the 19th century, and which crystallised in the communist tragedy.

The contradiction is inescapably still with us today, says Furet. "The idea of another type of society has become an impossible thought, and no one today advances even the sketch of a new concept. So we are condemned to live in the world we live in. But democracy, by its very existence, creates the need for a world after Bourgeoisie and Capital, where a true human community could flourish".

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BOOKS

When the spying had to stop

J.D.F. Jones admires the prescience of John le Carré's latest subject matter

John le Carré is not merely the finest of thriller writers (the word is absurd because his books should rate among the best novels of our age) but also a writer with a genius-gift of anticipation of the real-life dramas of this same age. He must have written *Our Game* last year: it is staggering to discover that his plot is set in the ex-Soviet territory of Chechnya - which few of us had heard of until recently - and that his final pages feature his British narrator seizing a Kalashnikov to join the fight against the Russian army. *Our Game* is a wonderful book, and absolutely in tune with the familiar le Carré canon. Much of it - the tone of voice, the MIG territory, the high-romantic conclusion, the buddy/mirror relationships, the extraordinarily effective use of detail to obscure a simple plot-line - will be familiar to le Carré's admirers; it would be hard to read a single page without spotting, with delight, the author's trademarks and trademark. All the better for that.

Tim Cranmer, in his late-40s, has taken early retirement from the Secret Service in the aftermath of

the Cold War: he cultivates his Somerset vineyard and enjoys his comfortable wealth and his beautiful young companion, Emma. He has not reckoned on his neighbour Larry Pettifor, similarly redundant after 20 years as one of Tim's spies, a long-term friend and rival from Winchester and Oxford who, dumped onto a Bath polytechnic, has been left in a void, appalled and with good reason: "how could Larry be anything except what we had made him: a directionless English middle-class revolutionary, a permanent dissident, a dabbler, a dreamer, a habitual rejector; a ruthless, shiftless, philandering, wasted, semi-creative failure."

Larry, whose speech patterns are reminiscent of both the Honourable Schoolboy and Barley Blair in *The Russia House*, is, like them, an impossible charmer, which is to say

a classic le Carré character. He is to be the pivotal figure in this story, although he vanishes from the action fairly soon, not least because Tim tries to kill him. The reason, of course, is that Larry has appropriated Emma - "You stole my life. I stole your woman" - which means that Tim becomes another of le Carré's cuckolded heroes (see Smiley *et al.*). Larry is an interesting and convincing character, a prominent left-wing intellectual: "What powered him... was his romanticism, his love of the underdog, his gut contempt for the British Establishment and its crawling adherence to America. Larry's hatreds didn't change when Communism collapsed..." Beyond that, he has all his life been a British double agent working to Tim - and here, yet again, le Carré demonstrates his uncanny gift for the topical ("He

knew every bought MP in Westminster and every suborned British journalist, lobbyist and agent of influence on Moscow Centre's London payroll"). But Larry, relegated to Bath, discovers in the Caucasus his grand

OUR GAME
by John le Carré
Hodder & Stoughton £16.99, 400 pages

romantic passion, his "perfect note", his Byronic commitment to the cause of the Chechen (or rather, the next-door Ingush) against Moscow. He therefore - with Emma and with his former KGB contact at the Soviets' London embassy - steals £37m to buy arms for the Ingush revolt. The wretched Tim, unjustly incriminated as a collaborator in the scam, sets off in pursuit and on the run. As always with

le Carré, the detail - London, Somerset, the Peak District, Paris, Moscow, the Caucasus - is superbly done.

I cannot think of a more compelling read this spring, especially if you have been following the tragic news from Grozny. Read! But bear in mind that le Carré is re-working various old and fascinating themes. First and foremost, here is his classic hero, initially above the battle, who eventually chooses commitment to a romantic, deserving and probably fatal cause (see *The Honourable Schoolboy*, etc.); this time he is first Larry, then Tim ("He was the risk I would never take"). The Somerset wine-maker, the rich man who spends a fortune on pretty baubles for a kooky girl, goes through a night-long transformation of consciousness in the priest-hole of his private church. Second, we have the le Carré fig-

ure who has to search for the truth by back-tracking through the bureaucratic files (cf the Smiley/Karla books) - "I was picking through the rubble of my past, looking for the fragments of the bomb that had destroyed it". Third, note the wise old woman archetype: says the Contessa in Paris, "I don't think you wish to find your friend, only to become him". Remember that Smiley in the earlier trilogy had to discover and accept his brotherhood with his enemy and counterpart Karla; here Tim and Larry, friends yet rivals, have to come together. It is the central point of the book: the strait-laced, admirable Tim has to learn from, to become, his radical, impossible friend.

Which - point four - does not leave much room for the girl. Yet again, I fear, le Carré's weakness is his women. Emma is sweet, no

doubt of it, but she belongs to a long tradition in his books: she is young, very beautiful, sexy, promiscuous, and (in my opinion) unbelievable, like Ted in *The Honourable Schoolboy*, not to mention others.

Perhaps that need not matter: le Carré understands a profound mystery, which is the coincidence of love with truth - it is there in all his books - and here Larry's love for Emma leads to the truth in the Caucasus even while the decent Tim, whose capacity for love is uncertain, struggles to understand what has happened, and wills himself to follow it, to whatever end.

Tim, the middle-aged supernaturalist Whitehall spook, is a major creation. "Was I framed, set up, the target of a devilish conspiracy?" he asks. "Or am I merely the fool of love, of my own menopausal imaginings?" The answer is that he will become a hero in his own right. He discovers the moral truth of Larry's espousal of the Ingush and the Chechen, and then can truly join him: "This is where I go the distance, this is where I stick".

Stardom and the curse of worship

Nigel Andrews sympathises with the biographers of movie-queens

Among my abiding memories as a movie journalist was an attempt to interview Katharine Hepburn. Telephoning her on a visit to New York, I was greeted by that unmistakable crackle rasp. At first she pretended to be someone else: "No, Miss Hepburn is not here." Then she sought refuge in incomprehension: "I can't understand your accent!" Finally, she declared simply but firmly, "No, you can't come round and see me."

Stardom is, I began to realise then, an inspired prank. It is about people elevated to godhead who come to understand the curse of worship. (All

KATHARINE HEPBURN
by Barbara Leaming
Weidenfeld & Nicolson £20, 594 pages

LIZ
by C. David Heymann
Heinemann £16.99, 504 pages

those damned journalists.) It is also about an entertainment form, cinema, that takes the insanely particular - people whose esoteric, hi-fi mannerisms single them out as 'special' - and tries to pass it off as universal human essence.

Much of Hepburn's cantankerous charm comes across in Barbara Leaming's biography. The book could use a little more humour, but so could most celebrity biographies. At least it shakes its heroine's story so thoroughly that little will be left on the trees for future biographers.

The entire first third is about Hepburn's ancestors rather than Hepburn. Leaming discovers a family riddled with dark passions. Five close relatives of Katharine's died by their own hand, including a brother whose hanged body she stumbled on at the age of 13. We also get acquainted with the women's rights-campaigning mother, the sternest-oligarch father, the hopeless playwright brother whose one possible masterpiece was never produced, having been stamped on by his folks because it parodied their own lives.

Only later do we meet John Ford, Spencer Tracy and the other Hollywood menfolk: those whom Hepburn

led on a lifelong dance of rejection and acceptance. Tinseltown had never seen such wilfulness in a woman. And every reader will probably sense an ancestral connection between Kate's hard-chinned determination and her orphaned mother's astonishing girlhood struggle, detailed earlier, to put herself and her sisters through the exclusive Bryn Mawr college.

Leaming herself never insists on such connections, to the book's credit. We get instead a felt completeness of lives, fears, passions, loves, motivations. Some vignettes are unforgettable. Did Hepburn really sleep in the corridor of the Beverly Hills Hotel outside Tracy's room, while he worked off his drinking bouts behind a locked door? (Since this episode is unsourced, the interrogative mode is more insistent than it might be.)

There is something heartbreakingly funny about Hepburn's nonconformism. It touches us with its little-girl defiance even as we giggle at its oddity. She wore black for her early, only wedding to an east-coast friend. She flounced on and off movie projects with blithe disdain for protocol. She took on every challenge that others called "impossible", from playing Shakespeare to singing in a Broadway musical at age 62. Her cranky radiance has made her one of the glories of 20th century show business.

Elizabeth Taylor is seen being physically attacked by Hepburn in one of the pictures in C. David Heymann's fairly dreadful - but dreadfully enjoyable - *Liz*. The picture was a spot publicity photo taken on the set of *Suddenly Last Summer* and intended to dispel rumours of interstellar feud.

The rumours were never dispelled. The disciplined Hepburn was said to be furious at Taylor's illness-pleading unpunctuality. It was a case of one myth crossing swords with another. Taylor has long specialised in being a walking disaster zone - drugs, drink, divorce, serial hospitalisation - while Hepburn has been the Amazonian queen of fitness and fight. *Liz* is 500 pages of unputdownable gossip junk, beginning with newsbreaks from the Betty Ford Clinic and ending with marriage number unputdown to her Adonis construction worker.

Deploying a claimed one thousand



Cantankerous charm: Katharine Hepburn, one of a family riddled with dark passions, pictured in 1946

interviews, much of the book is written in direct speech. Eddie Fisher, Edward Albee, Mia Farrow and others talk about the diva. Stewart Granger contributes important memories ("I took one look at those bosoms and said, 'Whoaaa!'"). And many a deceased celebrity seems to have left behind vast testimonies couched in bad biographeese. Did the late-departed

singer-actor Burl Ives really say things like "Back on the set of *On A Hot Tin Roof* Elizabeth appeared ready to throw herself once again into her role."

But what do you do if you cannot get to the star turn herself? This kind of siege warfare writing - employing every form of direct and indirect approach to the subject short of a

battering ram - is encouraged by the impregnability of superstars. Their distance lends more than enchantment; it presents a horribly tantalising invitation to the stubborn portraitist. The subject himself/herself may want nothing to do with the book. But "No, you can't come and see me" is still the greatest come-on in the celebrity biography business.

Fiction/Michael Thompson-Noel Bring back writer's block

Last year, Henry Roth broke what his publisher is pleased to call a "60-year literary silence" with the first volume of a six-part sequence of novels known as *Mercy of a Rude Stream*. Volume 1 was called *A Star Shines Over Mt. Morris Park*, and *A Diving Rock on the Hudson* is Volume 2. Unfortunately, Volumes 3, 4, 5 and 6 are already completed, and are scheduled for publication in successive years, which presumably means 1996, 1997, 1998 and 1999.

My advice: duck! Roth's own story is more interesting than his novels. Born in the village of Tysmenitz, in the then Austro-Hungarian province of Galicia, in 1906. Landed at Ellis Island, aged approximately three, and started life in New York. Lived briefly in Brooklyn, then on the Lower East Side, then Harlem: first in the Jewish section on 14th Street, east of Park Avenue, later on non-Jewish 119th Street.

Started his first novel, *Call It Sleep*, in "about" 1930, seeing it published, to mixed reviews, in December 1934. Then silence. Profound writer's block. Became a tool and gauge maker. Then a woodsman, a schoolteacher, a psychiatric attendant in a state mental hospital, waterfowl farmer, and a Latin and maths tutor.

With the paperback reprinting of *Call It Sleep* in 1964, Roth's writer's block began to crack, though slowly. The six volumes of *Mercy of a Rude Stream* were written over 15 years, starting in 1978, and the appearance of the first volume in 1984 after his celebrated 60-year silence, was greeted with ecstasy, and worse, in literary parlours and boudoirs from New York to London.

"A dynamic and moving event" (*Newsweek*). "Worth the wait" (*The Economist*). "Alive with the hubbub and smells of his New York childhood... something brand new, wholly without cliché" (*Literary Review*). Made drunk by these claims, Weidenfeld asserts that Roth's six-part series "is being hailed by critics as 'unsurpassable' in the annals of 20th century American literature" - an assertion that is, unfortunately, hilarious and preposterous.

Or jolly well should be.

Volume 1 of the sequence introduced us to Ira Stigman, a boy struggling in the immigrant world of Jewish Harlem in 1914, and Volume 2 continues his story, starting in the winter of 1921, with an uncomfortable adolescent battling against an impoverished background and coping with the worry and self-loathing that comes, even when double-sheathed, from sex with his sister.

Aspects of Ira's struggle are handled with enormous verve, as when Roth beautifully describes the boy's efforts to make money by selling soda pop at the ballpark, or by

A DIVING ROCK ON THE HUDSON
by Henry Roth
Weidenfeld & Nicolson £15.99, 254 pages

working as a bus conductor - jobs which introduce him to hustling and petty thieving, and fan his shame.

But episodes like that are surrounded by so much verbiage, by such a sea of bad writing, that patience with what is, after all, just another wearying exhumation of the Jewish immigrant novel wears thin; especially when that patience has been tested to destruction by Roth's trick of breaking up the story with embarrassing commentaries on young Ira's plight by the old Ira, as narrator, looking back down the years.

Unbearably worse, this "old" Ira is really "old" Roth - sort of, remember, this is fiction, not autobiography. For example, to the "long past when he wrote his youthful 'classic of Lower East Side childhood', or reflecting that 'his stuff' - old Ira's stuff, old Roth's - "was now old hat, and for all he knew, stereotyped as well... his literary wares those of a 79-year-old man, waning and wanting, and perhaps pathetic." Well, maybe not pathetic, but pretentious, undoubtedly, as well as pointless and irritating. In 2000 there will be no Henry Roth novel, the last of his six-pack having struggled on to a surfeited and bleary market in 1999. How blessed that will be.

A faked murder does not make a Bard

A.C. Grayling is unpersuaded by this case for Marlowe

Jonson, and the Earls of Salisbury, Essex and Southampton, to increasingly improbable candidates: Elizabeth I, Mary Queen of Scots, an Irish nun, a committee of Jesuits, even an Arab called Sheikh Spearo.

For A.D. Wright, 63 of the candidates are no more likely to have written the plays than the man she dubs "the lack-lustre actor from Stratford". William Shakespeare himself. But one of them is supremely fitted - by education, natural genius, and established reputation - to be their author: Christopher Marlowe.

Marlowe was born two months after Shakespeare. He was educated at the King's School, Canterbury, and Corpus Christi College, Cambridge. There is excellent evidence that he worked as a government spy in France, helping to abort an assassination plot against Queen Elizabeth.

He wrote outstanding plays - *Doctor Faustus*, *The Jew of Malta*, *Edward II* - and was a member of the "School

of Night", the group of progressive intellectuals led by Sir Walter Raleigh, who were suspected of irreligion because of their scientific interests. At the time of his murder in a Deptford tavern brawl in 1593, aged 29, Marlowe was on bail pending trial for atheism.

THE STORY THE SONNETS TELL
by A.D. Wright
Adam Hart £25, 585 pages

Wright's claim is that Marlowe was not murdered; his "death" was a cover, enabling him to escape to the continent, thus protecting others in the "School of Night" from prosecution for atheism. Likewise, his "killer" was pardoned a month later on a plea of self-defence. Marlowe lived in Italy, which explains the wealth of knowledge in Shakespeare's Italian plays, returning incognito in 1600. The actor William Shakespeare, whose work appeared from nowhere

in the early 1590s, but who was soon able to buy substantial property in Stratford and a partnership in his acting company, served as a front for Marlowe in return for handsome payments.

All this Wright takes to be proved by a careful study of the sonnets, which are intensely autobiographical in character. By reordering and interpreting them in the light of the fake murder thesis she claims they include a veiled account of the events in Deptford and the author's subsequent flight and exile, thereby explaining the anguished lament of separation from his two beloveds - one of either sex - addressed in the poems.

Is the theory plausible? Well, and there are some striking features in the case, not least the reference in sonnet 74 to "my body being dead". The coward and conquest of a wretch's knife" and the occurrence in sonnet 73 of the motto to the supposed portrait of Marlowe hanging in his Cambridge col-

Alas! poor Rudolf

Clement Crisp decries a prurient biography

legge. "Quod me nutrit me destruit", rendered in the sonnet's words as "Consum'd with that which it was nourish'd by".

But even with the many other details Wright adduces, her thesis is unpersuasive. For one thing, a lot of her evidence comes from what she alleges are cryptic hints by many in the know, from Marlowe's teacher to Ben Jonson. If this extraordinary secret were so public, how could it escape until "rediscovered" by Wright's Marlovian predecessors (chiefly Archibald Webster in the 1920s, and Calvin Hoffman, who in 1966 famously attempted to open the tomb of Marlowe's patron, expecting to find the plays' manuscripts)?

For another thing, Wright conveniently overlooks all that is known about the dates of Shakespeare's first plays - at least three of which predate Marlowe's death - and his early acting career. Moreover, if one compares Marlowe's work to the early Shakespeare, one meets two different minds.

But the clincher is this: all Shakespeare was-not-Shakespeare theories are premised on the alleged impossibility of a small-town grammar-school boy growing up to be a great genius. That is nonsense. Reject it, and what possible reason is there for looking elsewhere for Shakespeare than Shakespeare?

poor Rudolf Nureyev. Already the subject of a dull and none-too-convincing biography published six months ago, he is now the victim of an even more dubious exercise in tell-all prurience and key-hole gossip. (To the terrors of death must be added the horrors of muck-raking in the name of biographical revelation.)

Otis Stuart, a New York journalist, has concocted a garish account of Nureyev's life, with a nagging insistence upon his homosexuality and his supposed identity as an icon of homosexual society. The result is a thoroughly tiresome book which, in trying to tell all, manages to tell too little about the man or his art.

An initial problem is Stuart's prose style, with a relentless and camp vivacity no disguise for the fact that his understanding of the ballet world is less than secure and sometimes foolish. (I find obvious his description of the eminent danseur Michel Renard, a star of the Paris Opera, as a "kind of old school *reine solist*" - a remark as banal as it is stupid - and to describe Ashton's

Marguerite and Armand as flaccid, and the Mariinsky Theatre as having "chamber" proportions, defeats comprehension.)

Stuart sees Nureyev, rightly, as a tremendous force tearing through the ballet world, an irresistible hero, a Tartar conqueror, a man obsessed with

classical dancing, and inferentially, one concerned to mask and compensate for his own technical and physical limitations. He also presents him as hard-driven by his sexual preferences but (how unfashionably and how refreshingly) unwilling to make public cause of the fact. If he identifies him as "the first gay hero everyone knew was gay" - a statement impossible to prove - he is, alas, unpersuasive in his desire to let the reader know about the homosexual world Nureyev

inhabited. So bath-house activities are obligingly described for the prurient, and we are offered descriptions of what Stuart thinks "the sleeziest, slimiest, most wonderful gay bar in Paris" - its denizens described as wearing "their choicest whoresdresses".

While this plumbage of the depths reads as hectoring, the analysis of Nureyev's career is more sketchy, and suggests that Stuart's knowledge of his artistry is in the main garnered from film rather than observation. Stuart has interviewed Nureyev's friends and associates - though not always those closest to him - and offers versions of his life in Russia and his defection which are as likely as any other. He gives insights into the dancer's temperament and into his obsession with dance itself, but apart from placing him movingly within the context of an AIDS-ridden society, the book must be considered flawed, in manner as in method. A biography which cites its subject's delight in the film *All About Eve* as "certifiable proof of his homosexuality" has very serious problems of its own.

ARTS

Shadows cast by artists through the ages

William Packer on the choice of Professor Ernst Gombrich at the National Gallery

What is your substance, whereof are you made? That millions of strange shadows on you tend? The question, the paradox of the shadow teases our understanding of painting just as it does our human and imaginative response to the world itself.

Painting was begun, so the old story goes, by a Maid of Corinth, shown here in the painting by David Allan (1775), who drew around the shadow on the wall of the lover who too soon would leave her. It is our shadow, after all, which is at once proof and image of our mortality: for it is only the Devil himself who has no shadow. Yet that likeness is no likeness. How it mocks us, our shadow, as it shrinks and twists and stretches, bends and folds its way across the floor and up the wall, always away from us. How insubstantial it is as we reach out to grasp it, how transient, imponderable.

Such then is the immortal subject upon which Professor Sir Ernst Gombrich, that most accessible of living art histori-

ans, has fixed in choosing the latest of the National Gallery's personal Eye exhibitions. As is the way of art historians, he seeks to establish rules and categories by which to define his interest. At times he strains a bit, as when distinguishing between shading, which he takes as a conventional formal device, and the cast shadow itself. In truth, each is the natural and observable concomitant of the other. And while he is right enough in pointing out the iconographical inhibition - hardly more than a negative preference - against the depiction of clear shadows in earlier Renaissance painting, to speak of later naturalism's interest in shadows as breaking a taboo is, as it were, a shade extreme.

But where he is absolutely right is in making the one essential point which draws all his threads together, that it is through the depiction of the shadow that the reality is established. Century upon century, school by school, the differences are, in essence, only of degree and particular intention. While he has chosen a number of spectacular exam-



A spectacular example of the use of shadow: 'The Concert' by Hendrick ter Brugghen

ples from the collections to serve his purpose, notably the ter Brugghen "Concert" by candlelight, Rembrandt's lamp-lit "Adoration of the Shepherds" and Caravaggio's "Supper at Emmaus" - which joins the show in a week or two - quite as many make the demonstration rather more subtle, often in the mere detail: a flagpole's shadow here (Guardi), there the fire-tongs in the hearth (Camplin).

He takes the device of the *carrellino*, the scrap of paper that carries an artist's signature, to foreshadow quite liter-

ally the *trompe l'oeil* still-life painting of later centuries. Here in Antonello da Messina's "Christ's Blessing" (1465), crisply folded and pinned lightly to the balustrade that is itself the threshold to the pictorial space, it is both of the picture and quite apart. So too is the fly on the immaculate white head-dress of a lady, painted at about the same time by an unknown Swabian artist. Again the double-take: is it in the painting, or on it?

Late one afternoon in the Prado, I became so engrossed in "las Meninas" by Velasquez,

so lost in this greatest of paintings, that I could have sworn that the chief Maid of Honour was winking at me through the gloom. Doubting my luck, I moved to take a closer look, only to discover that a large blue bottle was there before me, indeed had been there all the time.

This is an intriguing show, full of quirks and delights. Unseen windows cast their shadows on the farther wall (de Witte), an unseen rider approaches the opened gate (Collins), an old man sits reading in the deepest of shadow

beneath the window as above him the light pours through into the high white room (follower of Rembrandt). Ruysdael's clouds lower as the sun bursts through.

The very shadows of the clouds: Have power to shake me as they pass.

Gombrich on Shadows: the Depiction of Cast Shadows in Western Art; the Sunley Room, The National Gallery, Trafalgar Square WC2, until June 18; supported by the Bernard Sunley Charitable Foundation.

Television/Christopher Dunkley

Tough subjects

ITV's craven surrender to the ratings god is now such a well established fact that when yet another stereotyped lump of 60-minute drama is extruded at nine o'clock, almost everybody has ceased to comment upon it. As they flop off the screen with a thud night after night - *Boon*, *Peak Practice*, *Heartbeat*, *The Chief* - we marvel at the lack of ambition shown by the people who now run ITV.

Have they no shame? Are they unaware of what their predecessors did? Do they not know how ITV terrified the BBC in the 1950s with *Armchair Theatre*? Have they forgotten that (never mind *Brideshead Revisited* and *Jewel in the Crown*, which, however wonderful, were quite conventional) it was ITV which broke so much new ground with productions such as *Rock Follies*, *Muck and Brass*, *Made in Britain* and *The Naked Civil Servant*? Today, in the era of the nine o'clock thud, it is impossible to imagine anyone in ITV having the guts or vision to champion the 1995 equivalent of *The Naked Civil Servant*.

And yet, even in the thud era, indeed within the confines of the tiny police/law/medicine corral into which ITV locks so much of its drama, there is the occasional flash of excellence, such as Granada's *Cracker*. A sequence of flashes begins tomorrow evening when ITV screens the first of three new *Prime Suspect* stories, also made by Granada, each two hours long, shown without breaks for the news because they are scheduled for Sunday nights. Once again Helen Mirren plays police detective Jane Tennison, now promoted to the rank of Superintendent. Once again she has to contend not only with the villains, but with the police system and male prejudice - though there is scarcely any feminist finger wagging, at least in the first two stories, perhaps because the scripts are written not by the creator of *Prime Suspect*, Lynda La Plante, but by three male writers. And once again they do not flinch from the tough and tough subjects.

"Tomorrow's plot," *The Lost Child*, takes on the almost impossibly strained topic of paedophilia and, most remarkably, has the courage to illustrate the dangers of the mindless hostility towards "nones" which is, apparently, so common among the police. One of the strengths of this series is that, although these are "mysteries" with the identity of the

criminal as the key, there is far more to them than the "who-dunnit" element. As it happened on this occasion my early suspicion about the real culprit proved correct, but that did practically nothing to reduce the grip of the plot. More interesting than the identification of the criminal is the ethical conundrum: when the police discover that a young single mother has placed a lonely hearts ad which seeks a man who loves children, should they warn her if they know, as she does not, that the man she chooses has a history of paedophilia? Even if this destroys his chance of a new life after he has been through therapy and claims to be reformed, and she regards him as Mr Nice Guy?

There are two niggles. The programme would be tighter, pacier and altogether better if it were reduced from two hours to 90 minutes. And at the start there is a heavy hint that - as in *Rumpole Of The Bailey* where home events so often mirrored events in the courtroom - Tennison's private circumstances are going to reflect far too neatly situations arising in her professional cases. Gratifyingly this is promptly abandoned, and there is almost no attention to private life next week. But since the publicity material talks about "tracing the conflicts in Tennison's career and her blossoming relationship with psychologist Patrick Schofield," this must presumably occur largely in the third story.

If that is so it seems unlikely that No 3 can possibly be as good as No 2, next week, which is probably the best *Prime Suspect* yet. It begins with a murder - which is well up to the usual PS standards of nastiness, but quickly diversifies into a web of graft and corruption which spreads through the country club and the local council to the police consultative committee. Tennison is working away from home and the local police are in the pockets of the bigwigs, so she is fighting to stay on the case, and fighting the bent coppers around her as well as fighting the official black hats. It is scarcely a new idea, having been a favourite among the *films noirs* of the 1940s, but it has rarely been done so well on television.

This is no latterday *Naked Civil Servant*, but nor is it a sequence of plastic chunks thudding onto the carpet. If we must have yet more crime drama from ITV, this is the sort we should have.

Antony Bye

The Pärt experience

The Estonian Arvo Pärt, together with Görecki in Poland and Tavener in England, has done much to restore a sense of the numinous to the mainstream of serious contemporary music. Through their independent rediscovery of the fundamental elements of western music which modernism had gleefully declared dead - scales and modes, simple melody, tonality and common chords - and their own, personal adaptations of minimalist techniques, these three very different composers have done much to bridge the gulf between new music and the non-specialist music lover.

But every success story has its price, not least the danger of lapsing into pastiche, nostalgia and over-simplification. Of these three composers it is perhaps Pärt who has most successfully resisted this. The first two concerts in the South Bank Centre's latest mini-series, *Emerging Light*, a survey of music from the Baltic states with Pärt as focal point, certainly put forward a strong case for viewing Pärt not only as the best of the Holy Minimalists but possibly as a seminal voice in 20th century music.

Saturday's all-Pärt concert offered a revealing juxtaposition of the old and the new. As the four pieces from the 1980s, given enthusiastic performances by the London Philharmonic under Roger Norrington, Pärt's earlier music, full of pulsating rhythms, grinding dissonant build-ups and ironic quotations, is very much of its time, coded messages proclaiming the hope of a better tomorrow in the face of Soviet oppression.

Yet how assured it still sounded. The concept behind the music may be crude but its musical realisation is precisely delineated and carried through with the same command of large-scale structure and compositional psychology which distinguishes his later music. *Credo*, for instance, an imposing gloss on the first prelude of Bach's "48", achieves a precise balance between the choir's affirmations of "I believe" and the orchestra's ugly cacophony in a manner not far removed from Schnittke, but carried off with much greater musicality.

With *Litany* we entered the world of mature Pärt, with all its mannerisms and potential tongue-ties. Yet as ever with this composer, the soft incantations from the London Philharmonic Choir, ecstatic melismas from the Hilliard Ensemble, and gently oscillating ostinatos in the orchestra were wielded into a structure which was more than the sum of its parts, with a precisely placed climax and beautifully executed dying fall into the valley of eternity.

Pärt's spiritual aesthetic is not an isolated phenomenon in the Baltic states, it seems. The huge spaces charted in two of his classic works, *Frateres* and *Tuula Rosa*, both given mesmerising readings by the London Sinfonietta under Parvo Järvi at Monday's concert, features also in the music of the younger Estonian, Erkki-Sven Tüür.

It says much about the potential of this aesthetic that a similar sense of cosmic vastness can be expressed through smaller forms and a selective use of more avant-garde tech-

niques. Both *Architectonics II*, for cello, clarinet and piano, and *Insula Deserta*, for string orchestra, reached moments of ecstasy and sublimity, if not quite presenting the definitive statement in the way Pärt's music does. But if Tüür is typical of the yet-to-be-discovered Baltic composers, then future concerts in this so far absorbing series should be well worth looking out for.

Antony Bye



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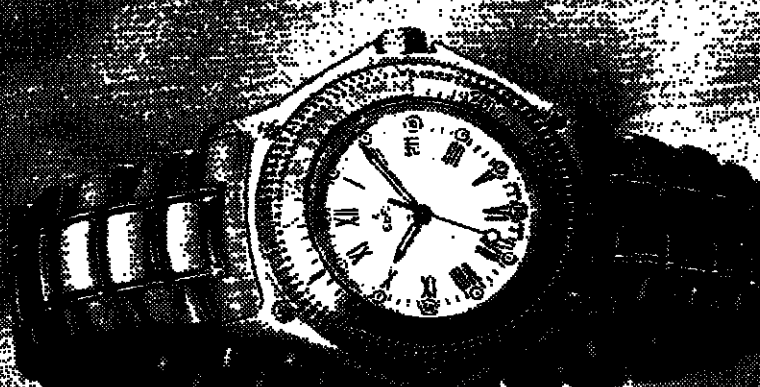
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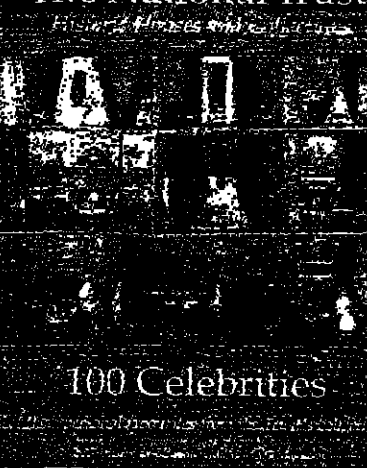
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ARTS

Dramatic tension in Louisville

This year's Humana Festival provided topical, ambitious works of high quality, writes Karen Fricker

The work in Louisville at this year's Humana Festival of new American plays was the most topical, the most ambitious, and of the highest quality in the four years that I have attended.

The tone of the festival, the 19th in the history of the Actors Theatre of Louisville, was set by an outstanding pair of one-act plays by two well-established writers, Jane Anderson and Donald Margulies. Anderson lives in Los Angeles, and her *Tough Choices for the New Century* is clearly a response to the anxiety of living in that beleaguered city. The play takes the form of a disaster-preparedness seminar conducted by the officious Bob Dooley and his increasingly hysterical wife, Helen.

For its first two-thirds the play hits just the right ironic tone: as the audience watches a slide show of the Dooleys' decimated house and repeats mantras like "a disaster is nothing personal," the Dooleys' united front crumbles and the true psychic cost of the catastrophes they have endured becomes clear. Though an unnecessary second vignette blunts its effectiveness, *Tough Choices* is a clever, effective satire, and a perfect curtain-raiser for Margulies' exquisite July 7, 1994, which could be the East Coast flip side of Anderson's play.

July 7 simply charts a day in the life of Kate, an inner-city doctor, and her husband Mark, an academic who works at home and cares for their toddler son. They wake in the middle of the night and share their nightmares with each other. She goes to work and is confronted with desperate, sad lives of her patients - most memorably, a young black mother dying of AIDS (played, indelibly, by Sandra Daley). When Kate returns home, Mark tells her what their son did that day: took a walk, spotted a helicopter, listened to a story. Kate crumbles into tears and her husband cradles her in his arms as the lights fade.

Margulies' play goes well beyond mirroring the horrors we hear about every day on CNN: its careful specificity is a direct response to the sense of compassion fatigue and media saturation that plagues our culture. Margulies bears witness, the delicacy and compassion of his play is a reminder of the human cost behind the tragedies we hear about all the time. The honesty of Margulies' and Anderson's plays, which are directed with elegant simplicity by Lisa Peterson and acted with great care by Susan Knight and Kenneth L. Marks, lingered throughout the weekend, and beyond.

Marsha Norman's *Trudy Blue* offered a different kind of daring: unabashed subjectivity. Norman, the Pulitzer-Prize winning playwright of *Night Mother*, started writing *Trudy Blue* when she was told wrongly, it later transpired, that she only had a year to live, and the play has a searching, taking-stock quality, that of a person struggling to match up her internal experience with that of the world around her.

In the play, Ginger, a New York writer with an uncommunicative husband and two children becomes dis-



A reminder of the human cost behind day-to-day tragedies: Sandra Daley and Susan Knight in 'July 7, 1994' by Donald Margulies

connected from her family and her friends, takes up with a musician who turns out, literally, to be too good to be true, considers making radical changes in her life, and then, in the play's joyous final moments, makes the deepest of her fantasies real.

The viewer experiences the play through the main character's point of view: time is fluid, conversations stop,

start, and fragment, and reality is always in question.

Though it does not feel like a finished play yet, *Trudy Blue* is already far more than a simple mid-life crisis story and is on its way to becoming a resonant and multi-layered investigation of the imagination, the examined life, and personal responsibility. The Louisville production, directed by

George de la Pena, was hindered by Paul Owen's uncharacteristically chunky and unspecific set.

José Rivera, who so memorably portrayed contemporary New York in *Marisol*, the hit of the 1992 Humana Festival, this year offered *Cloud Tectonics*, a look at life in his adopted, catastrophe-ridden home town of Los Angeles. While it shares with his ear-

lier play its millennial overtones, free-handed treatment of reality and fantasy, and heightened dialogue, *Cloud Tectonics* tells a more intimate story, that of an encounter between Celestina del Sol, a beautiful young woman who has been pregnant for two years, and a handsome Los Angelino named Aribal de la Luna. It is a connection so electric it causes clocks to fail and time itself to stop.

Rivera seems to have greater ambitions for this play than just a love story, but it details when a second plot concerning Aribal's younger brother, a soldier in the American forces in the Persian Gulf, is woven into the first. Despite Camilla Sanes' and Robert Montano's strong performances, the play runs aground in its second half. Tina Landau's elaborate production overburdens this delicate story with scenic detail.

The festival's major disappointment was *Between the Lines*, an obvious and clichéd woman-coming-of-age play by Regina Taylor, an actress-playwright whose adventurous past work has, if anything, erred on the side of obscurity.

Equally unsatisfying, but less surprisingly so, was *Middle-Aged White Chaps*, by James Martin. The play seems to have been intended as a romp through the wilds of political correctness, but it comes off as an unconvincing spurt of white male guilt. Martin has an eye for an evocative image - the play ends with three naked white men marching towards Washington, DC carrying a placard saying "we're sorry" - but lacks the organisational capacity and the writerly imagination to make characters more than one-dimensional symbols.

Are American theatregoers ready for all this topicality? The strong audience response to the two least timely plays of the festival indicates that Americans' taste for pure entertainment still runs strong. Richard Kalinoski's *Beast on the Moon* was the festival's unquestioned audience favourite, but this story of Armenian immigrants' struggle to assimilate seemed to me the odd play out. More televisual than theatrical, overlong and tediously directed, it felt as though it was written 20 years ago, and probably would have seemed more relevant then than now.

Far more satisfying, if *apropos* of nothing at all, was Richard Dresser's bizarre, hilarious *Below the Belt*, a grimy little story of three American businessmen stuck in a remote outpost with nothing better to do than hate and scheme against each other.

The play is a unique blend of theatrical influences: Dresser's fascination with the sleaze of small-time business brings to mind David Mamet; his zest for ornate, zingy dialogue recalls Kaufman and Hart, while the play's creepy vagueness - we never do figure out just where we are or what these men do - is downright Pinteresque. Gloria Muzio's direction was fresh and fast, and Actors Theatre veterans V. Craig Heidenreich, William McNulty, and Fred Major ate up the opportunity for ensemble playing. Everyone, especially the audience, had a great time.



Magnificent Colin Redgrave as Roger Casement, with Ravil Isyanov

Casement martyred

Five years or so after being knighted for his contribution to the consular service, Roger Casement was hanged as a traitor; the knightship was due largely to his report on atrocities in the Belgian Congo, the execution to his attempt to run German guns into Ireland for use in the Easter Rising of 1916. Alex Ferguson's play concentrates on Casement's fervent Irish separatist, painting him as an heroic idealist and little else.

The play follows a traditional two-act "great man's fall" structure. Act one chronicles Casement's sojourn in a Germany at war with Britain; negotiating supplies of arms, trying and failing to enlist Irish prisoners of war into an "Irish brigade" to fight for their own land's freedom, financially indulging his bodyguard and lover Adler Christensen, and suffering grief on the revelation that Christensen had systematically betrayed him to the British. On his final return to Ireland (by German submarine) Casement had not even left the beach when the Royal Irish Constabulary arrested him for importing arms - a single Luger pistol in his knapsack. Cue interval.

In Act two Ferguson deals with Casement's imprisonment in the Tower of London, alleged brutalisation by a sadistic military warder; his trial, conviction and ultimate execution. The incarceration scenes and final gallows episode are leavened by a series of dream/vision sequences which enlarge the canvas but do little to augment either the narrative or Casement's character.

Colin Redgrave is magnificent in the title role. By turns fervent, idealistic, passionate and befuddled, he is Casement, naively reliant on the justice of

his cause to achieve what he lacks the force of character to bring about himself; in this reliance, of course, he is tragically mistaken. Politely if diffidently co-operative under interrogation, he even hands over the keys to his London home, knowing that this will lead to the discovery of diaries recording his homosexual encounters; Asquith's government subsequently used these to discourage pleas for clemency towards Casement.

Redgrave commands attention throughout, seemingly effortlessly. As Christensen, Ravil Isyanov is an appealing bit of rough who hides his treachery behind expletive-peppered hedonism. Both men give better performances than the play deserves.

For Ferguson's piece carries about it an air of gospel; he sets out to praise "the forgotten Irish hero, the bravest of Britoime's (sic) rebels" but fails almost entirely to infuse his play with the passion which motivated his protagonist. His account is arid, and also one-sided. Where David Rudkin, in an early radio play, used Casement to examine the malleability and conflict of historical accounts, Ferguson peddles a single hagiographic view; the occasional, token moments of doubt are unconvincing and clearly included out of a sense of dramatic obligation.

The production is only saved from the morass of "worthiness", which has so bedevilled advanced perception of Moving Theatre at the Riverside, by Redgrave's central performance.

Radio/Martin Hoyle Nostalgia falls flat

No, I have not heard Chris Evans in his new early-morning slot yet. My radios, with a spooky unanimity worthy of the most nightmarish sci-fi, incredulously refuse to get Radio 1. The biological analogy of organs that atrophy through non-use comes to mind. But series are always better judged with a sudden unexpected swoop after the press ballyhoo has died down, like restaurants or long-running plays. Watch this space.

Meanwhile, it has dawned on someone that we are in Europe. Last week Radio 2 invaded France, kicking off with a visit to that epitome of everything Gallic, Disneyland, presumably to cushion the culture shock for those listeners soothed by the corporation into thinking we are the 51st state. A slightly irritable young Frenchwoman answered slightly inane English ques-

tions. The day included Martyn Lewis demonstrating his anaesthetic properties as a numbingly bland interviewer. That blank persona has translated hypnotically to radio, the perfect insomnia cure. It makes me feel funny," he bleated of an old tune. *Hi-5*, Mart, it takes more than *la nostalgia* to make you even mildly diverting.

Talking of nostalgia, Radio 4's *Radio Times Past* should have everything going for it. It takes a perverse genius to make me switch off, in sheer exasperation, a programme devoted to popular broadcasting and social history as seen through the pages of the Radio

Times, my favourite reading when a just-literate child - an age-group that it seems to cater for still. The introductory words "light-hearted" and "irreverent" struck a warning note, as did names familiar from *Week Ending*, that corner of Radio 4 that is forever red brick rag week. The leaden facetiousness of the presentation, the humpen suddenness, the phut of misguided satirical missiles - all contributed to an effect witless, charmless and embarrassing. What on earth is the point?

Radio 5 Live has carried off a Sony Award. Deservedly so, if last week's *Special Assignment* is typical. Unflashy, unpretentious,

information-packed and presented by no-nonsense Sue Pennington, it looked at the "green backlash". Environmentalists here are sidestepping scepticism by quietly getting together with industry: the days of the virtuous ecologists and the big, bad industrial villain are over.

It is interesting to note how some of the most positive environmental moves are made by the Pauline-converted ex-politicians. In this country it has been a matter of voluntary action; not something to be proud of perhaps, but at least avoiding the gleeful backlash of industry in over-regulated America. There vengeful busi-

ness interests now apply cost-benefit analysis: "if it doesn't pay, it's out". The dread is that this attitude with its Thatcherite echoes will commend itself to our government just as industry is being cajoled into realising that "being green can cost less". A quick reminder that four thousand people died in a few days in London in 1952 as a result of pollution emphasised how Britain has to be goaded into action once the worst has happened. Complacent scepticism on green matters is dangerous.

The Makers of Modern Politics, presented by Anthony Howard, is occasionally evasive. Odd not to mention that

Stanley Baldwin, solid English Everyman who hated the "intelligentsia", was (a) very, very rich and (b) related to the Kiplings and Burnes-Joneses. Odd not to mention, when discussing Nye Bevan's "Bollinger bolshevism", the notorious libel case over alleged drunkenness on an official freebie to Italy, especially as it now looks as if the allegations were right and some disgraceful lying was done in court. Hypocrisy is not the monopoly of any political party. Stick to Radio 4's *Worse Things Happen at Sea*, a short talk slot filled by Ian McIntyre with a style that perfectly matches the substance: the comparison, for instance, of change-hating bats, 90 per cent of whose roosts have stayed the same since the 1960s, and who prefer Anglican churches to all others, with fans of *The Archers*. There is a little corner of the BBC that is forever civilisation.

Finns at a premium

The Finns support their music wholeheartedly, whether at home or abroad. There were a lot of Finnish accents to be heard in the meagre audience at the Royal Festival Hall on Tuesday and an appreciative shout of enthusiasm went up after Sibelius's *Finlandia*, virtually the national anthem - though it had been given a rousing performance.

This concert was the last in a tour of Britain by the Finnish Radio Symphony Orchestra, conducted by Jukka-Pekka Saraste. Although there has never been any shortage of music in Northern Europe, the

last few years have seen a surge of interest, probably because of Marius Jansons's livewire period in Oslo, which galvanised neighbouring orchestras into promoting themselves more energetically. Record companies have also started to get involved in Scandinavia, which means larger marketing budgets at work.

Though still just under 40, the Finnish Saraste has already managed to land a double catch in his recording con-

tract, with orchestras in Helsinki and Toronto. The high-flying careers of Simon Rattle and Finland's other young export, Esa-Pekka Salonen, have put a premium on the forty-ish conductor and Warner Classics will be hoping to achieve a similar success with him.

It certainly seemed from this concert that we were learning more about Saraste than about the orchestra, as the conductor's ideas about sound, bal-

ance and blend were so dominant. At the climax of Tchaikovsky's Sixth, Symphony bright, brassy horns and trumpets were at the front of the orchestral perspective, adding to a generally tense and thrusting atmosphere. Saraste does not like any sentimentality in this music and the finale was barely a slow movement at all, more an urgent cry of pain that was quietened only in the symphony's dying moments.

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|------------------|--|-------------------|
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| Sun 30 Apr 12.30 | PHILHARMONIA ORCHESTRA Chorus Peter Flor (cond) Heinrich Schütz (1600) <i>Serenata Oboena</i> . The Baroque Band. Dorothea Cello Concerto; Symphony No. 9 (From the New World) £28, £22, £17, £10, £5 | *Philharmonia Ltd |
| Tue 4 May 7.30 | THE LONDON PHILHARMONIC Royal Philharmonic Orchestra Sir George Solti (cond) Beethoven Symphony No. 7; Bartók Concerto for Orch. £20, £15, £10, £7.50 | *Lon Phil |
| Wed 5 May 7.30 | PHILHARMONIA ORCHESTRA Anne-Sophie Mutter (violin) Semyon Bychkov (cond) Hindemith Symphony: Memnonophora of Thebes by Weber; Rite of Spring (UK prem); Beethoven Sym No. 5; Spontini: <i>Motivale</i> Tel-co. £28, £22, £17, £10, £5 | *Phil Ltd |
| Thu 4 May 7.30 | THE BAND OF THE LIFE GUARDS Celebrates 200 Years in the presence of HRH The Princess Margaret Historical items and major items from the military band repertoire. £18, £16, £14, £12, £10, £8, £5 | *WCCS/FPLAT |
| Fri 5 May 7.30 | PHILHARMONIA ORCHESTRA Semyon Bychkov (cond) Anne-Sophie Mutter (violin) Electric Phenomena; Stravinsky Pulcinella; Prokofiev Violin Concerto No. 1; Bartók: <i>Sinfonia</i> . Sponsor: Motorola Tel-co. £28, £22, £17, £10, £5 | *Phil Ltd |
| Sat 29 Apr 12.30 | HILLIARD ENSEMBLE with Susan Griffith, Gustav Gierken, Yano Inoue, Jane Salmon. British Premieres of Sibelius 14th/15th century repertoire plus Vasks New work. Part Motete; Subst Master. £10, £5, £5 | *SBC |
| Sun 30 Apr 7.45 | LONDON PHILHARMONIC YOUTH ORCHESTRA Andras Duhon (cond) Raphael Wallfisch (cello) <i>Delius The Walk to the Farmhouse</i> ; Grieg: <i>Lullaby</i> ; Liszt: <i>Waltz</i> ; Brahms: <i>Sym No. 2</i> . Sponsor: Audi. £10, £7, £4 | *Lon Phil |
| Wed 5 May 7.30 | NATIONAL OPERA STUDIO SHOWCASE: Birmingham Sinfonietta, David Parry, Caroline Gawn (dir). Excerpt: Faust, La Traviata, Eugene Onegin as well as excerpts from operas by Britten, Donizetti, Massenet and Bellini. £18, £15, £9 | *NCS |
| Fri 5 May 7.45 | ESTONIAN PHILHARMONIC CHAMBER CHOIR & SINFONIA 21 Arvo Pärt: <i>Emerging Light</i> ; Toru Takemitsu (cond) Part Magnificat; Te Deum (with piano & strings); Sibelius's Song: <i>Berlin Mosaic</i> (with strings) £16, £12.50, £9.50, £5 | *SBC |
| Sat 29 Apr 7.30 | JONATHAN SMITH (piano) Grieg's Twelve American Preludes; Scriabin Sonata No. 1 in F minor, Op. 4; Chopin Ballade Nos. 2 & 4; Scherzino Nos. 1 & 3 £11, £9, £5.50 | *Janet Leaky |

PRIVATE PASSIONS MADE PUBLIC.

'PRIVATE PASSIONS': THE RADIO 3 SATURDAY SERIES IN WHICH CELEBRITIES REVEAL THEIR OWN CLASSICAL FAVOURITES TO MICHAEL BERKELEY. TODAY'S GUEST IS SIMON RUSSELL-BEALE. MID-DAY TO 1:00PM.



SPORT

Cricket / Teresa McLean

The Tests that face England

After a long damp winter, the new cricket season opened at Easter with sunshine, hailstones and devoted spectators drinking from vacuum flasks to celebrate the return of their beloved game.

Beloved, but besieged by problems. The greatest for England's Test cricket is defeat. If England could overcome that, a lot of other problems would solve themselves.

Captaincy, leadership and selection build up an unpredictable pattern of discord when a team is losing, as England's Test team has seen with increasingly bitter force in the last few months. It has to hope it can win a degree of confidence and stability from an early success at Headingley.

We forget too easily that last time the West Indies were in England, in 1991, England drew the series with them.

Even so, until Ray Illingworth relaxes in power and uses his position to try and guide rather than rule the England squad, victory looks unlikely. With the troubled role of team manager gone, the next thing needed is an alliance of power between Illingworth and his captain. Heady stuff, but fundamental.

England's series against the West Indies are always hard, but not usually bitter. Perhaps this summer's series can generate enough tensions of play to avoid sidelining attention into the politics of power and exhaustion, that has been troubling the tourists too.

A six-Test series will not help. England had to have six

Tests last summer because it was a split series, against New Zealand and South Africa, but the only reason this summer seems to be money. A five-Test series is ideal and I think the overall cost of an extra Test, especially in terms of sustaining interest and keeping a tight balance between the sides, is likely to be greater than the short-term profit.

Nor do I like the three one-day internationals squashed together in five days, as they will be in May, before the Test marathon starts. They are better

England's series against the West Indies are always hard, but not usually bitter

ter as punctuation marks of aggression and experiment between the more complicated tactics of the Tests.

John Crawley looked tired and pale at Fenners, where he and Mike Atherton were playing their old university in Lancashire's opening game of the season. It was just after Illingworth's pointed remarks about players' need to get into shape for fielding.

"All this emphasis on health is mainly for the one-day game," Crawley told me. "Fielding counts for such a lot in that."

In fact, fierce fielding has become a priority throughout the game. I hope Crawley will

not get so carried away by the targets for fitness he has been given, following his poor fielding in Australia, that he will lose his batting spirit, which is his real value. He looked not just lean but gaunt to me.

I found Illingworth's declaration that England should select at least four bowlers and one all-rounder more welcome than his snippets on fitness, though I think that is the bare minimum of bowlers. The more bowlers the better and the more varied the better. The West Indies happily play five bowlers, but it is unrelieved pace, except for the odd over by Carl Hooper. Pace is their strength.

It is not England's strength, so England must reply with subtler weapons of variety and enterprise.

This would just involve choosing bowlers who can bat, such as Darren Gough, Craig White and Dominic Cork, but using them cleverly. One of the reasons Devon Malcolm did so well in the Oval Test last summer was that Atherton only bowled him a few overs at a time. His Derbyshire companion, Cork, would be a familiar companion while he delivers his short stunts of speed.

White's most useful asset is his ability to make the ball bounce late. Watching him in his first game this season, it was noticeable how much livelier this effect was when Martin Moxon kept using him from different ends. This never let the batsmen settle down.

However, having been brought up watching Wes Hall and Charlie Griffiths fighting together to pulverise English



Sweeping the past aside: England batsman and occasional spinner Graeme Hick on his way to 108 for Worcestershire against Yorkshire this week

batting in the 1960s, I am as much a believer in bowling as batting partnerships. Bowlers bowling in harness, can be worth more than the sum of their individual talents.

Neither England nor the West Indies have such a partnership at the moment, but spin bowling has its own armoury of enigmatic tactics available, none of them quite what it seems. Spin bowlers usually work best alone. They are freelance operators, invaluable when resources seem flat and batsmen entrenched.

Occasional spin bowlers

sometimes have a knack of breaking up stands and I think England are weakening themselves by neglecting this unusual, unvarnished resource, which is a casualty of the emphasis the one-day game puts on bowling economy. In the Hall/Griffiths days, Bob Barber was a good example of an English batsman whose originality extended to bowling as well as batting. His little interventions of spin often got rid of long-term batsmen.

It is a pity Atherton no longer tosses up his occasional spin offerings; surprise is

under-rated in modern cricket. When the West Indies blast England with pace, I would like to see England reply with slow cunning, of both the part-time and full-time sort. A solo, or preferably a duet, of slow bowlers could offer strong spin from bowlers such as Min Patel, and changing flight from the likes of Richard Stemp, which is vulnerable but can be deceptive. As long as it keeps them guessing.

And as long as England do nothing outside the field of play to annoy the West Indians. The Trinidad Test has

just shown the folly of this tactic with blood-curdling force. When Australia became angry that their claim to world test supremacy is thwarted by the West Indians, they express their feelings not just by tough play but also by subjecting the opposition to macho bullying, taunting and sledging.

But when the West Indies lose their temper they do not lose control of their game. They abandon caution, which makes bowlers such as Curtly Ambrose not just terrifying but lethal. His match figures of nine for 65 were, in part, the

product of a duel with Steve Waugh in the Australian first innings. Waugh provoked Ambrose's weary bowling to new hostility. The bowler ended his follow-throughs with point-blank contests of staring - from just inches away. The crowd loved it. The West Indies won.

It is more than I would do to Ambrose. I trust it is more than England will think of doing this summer. It makes more sense to bore the West Indies than to antagonise them. The crowds are the ones who have to pay the price.

Rugby League / Huw Richards

A superleague to stop a superteam

Wigan at last has its revolution, although it is not quite what George Orwell had in mind when he visited the town 60 years ago to assess its potential as a source of political change.

The dramatic changes to engulf rugby league over the next few months have numerous causes. The bulge in Rupert Murdoch's wallet is famously irresistible to institutions and individuals of far greater financial standing than the chairmen of penurious rugby clubs.

The past season has been disappointing for a game convinced that its future lies in the big cities. London were incapable of winning promotion, while Hull's impending descent into the second division, coupled with Hull KR's decline, threatened to leave one of the largest league communities without a top-flight club.

Nor can any analysis of the angst which has gripped League for much of the last decade ignore the continuing failure to beat Australia.

All have played their part. But rugby league's planned summer super league bears, as surely as any tin of Uncle Joe's

Minthalls, the legend "Made in Wigan". And not just because its progenitor, Rugby League chief executive Maurice Lindsay, made his name and defined his autocratic style as the off-field architect of Wigan's return from the decline that took them into the second division in 1980 to the all-powerful force that seeks an eighth successive Challenge Cup win

Rugby league has had dominant teams before, but never like this

at Wembley today. That statistic tells much of the story, however. League's search for a serious challenger to Wigan's dominance has taken on the desperation of boxing's hunt for a "Great White Hope" in the days of first black heavyweight champion Jack Johnson. The game has had dominant teams before, but never like this.

Victory over Leeds today would complete a sixth consecutive league and cup double.

Never before in league's 100-year history had a team won either competition even three times in a row. Says historian Robert Gate: "They are far better than anything there has ever been."

Only one serious rival emerges from history, the Huddersfield team which won 11 trophies out of 16 in four years before the first world war, culminating in an all-four season including three cup victories by margins that stood as records well into the 1980s.

"They came back after the war and were at the top again for a year or two, so it is possible that the war stopped a spell as long as Wigan's," says Gate.

The Sydney St George club won eight Australian titles in a row from 1958 to 1965 in what was then a single-city competition, but those seeking parallels must look to other sports - to Real Madrid, Liverpool, the New York Yankees or Surrey County Cricket Club.

Wigan's success has not just been achieved by weight of crowds and money, although they have plenty of both. Today's two finalists are all well-run, playing great rugby in the sunshine in decent stadiums. Whether they will get it is another matter. Several of the mergers which were sup-



On the way: Phil Clarke helps Wigan to another trophy in this year's Regal Trophy win over Warrington

posed to provide stronger opposition now look unlikely. The new set-up will exclude several progressive clubs. For the last couple of years the league has pointed to Keighley as exemplars of the imaginative marketing and development they want.

Second division champions Keighley would have been in next season's first division, but there is no place for them in the super league. Much emphasis is placed on decent accommodation. The game's two new stadiums - Huddersfield and Dewsbury - will be excluded.

It takes an unusual sense of history to celebrate the forthcoming centenary season by excluding the game's birthplace - Huddersfield - and the first Challenge Cup winners,

Batley. If league wants to avoid destroying the local roots that are its great strength, it should take a lesson from its own history.

In 1901, the top 14 clubs in Lancashire and Yorkshire seceded from their county competitions to form a single super league. They included Batley, Huddersfield, Swinton, Leigh and Hunslet - all 1995 exclusions.

They excluded St Helens, Leeds and Wigan. Within a year they realised exclusiveness would lead to stultification, extended their numbers and created a second division.

By 1904 St Helens, Leeds and Wigan were all in the first division. Ninety years later, they in their turn must allow the have-nots their chance to rise.

\$7,000-£5,000 a game. To meet those running costs would take £150,000 over a 20-game season with current attendances. For about £40,000 you can sponsor an average Endsleigh League division one soccer team which will receive far more media exposure.

The ultimate source of income must be TV. For both Moores and Goldsmith SkyTV is crucial. Rupert Murdoch's company covered the basketball play-offs and is covering the World League (in which NewsCorp/Fox has a 49 per cent share).

Both Moores and Goldsmith say they are in it for the long term. An interesting phrase. In Moores' language, it means four years. In Goldsmith's, just two. Murdoch, who understands the value of cheap programming, will always be around.

Both Moores and Goldsmith say they are in it for the long term. An interesting phrase. In Moores' language, it means four years. In Goldsmith's, just two. Murdoch, who understands the value of cheap programming, will always be around.

Chess No 1072: 1 Nxf7! Kx7(Rx6) 2 Qx6 Rg7+! Ksg7 3 Qx6+ Kx8 4 Bx6+ Nxb6 5 Qx6+ Kx7 6 Rg1 Resigns. White mates at h4 or g7.

Tennis / John Barrett

The ascent of woman

In sport, as in life, evolution is the name of the game. Pressures of growth and commercialism, plus changing attitudes about amateurism have played a part in shaping soccer, cricket, tennis and athletics.

Rugby Union is latest to feel the wind of change. Its administrators might learn valuable lessons from the way tennis was harmed by the reluctance of its amateur leaders to throw the game open.

When the International Tennis Federation finally took that step in 1968, the professional promoters had already established a strong presence and freed the players from the control of their national associations. Thus were created the divisions which still exist.

One of the most remarkable aspects of international tennis over the last 25 years has been the success of the women's game. It began in August 1970 when Jack Kramer, organiser of the traditional Pacific Southwest tournament in Los Angeles, offered \$50,000 prize money for the men and \$7,500 for women, and that to be divided only among the eight women who reached the quarter-finals. To Billie Jean King and the other leading women this was the ultimate insult.

Glady's Heldman of World Tennis magazine came to their aid by persuading her friend Joe Cullman, President of Philip Morris, to sponsor a women's tournament in Houston under the Virginia Slims banner. Threatened with suspension by the USTA, the eight women signed historic \$1 contracts with Heldman and became contract professionals.

These pioneers were King, Rosie Casals, Nancy Richey, Peaches Bartkowicz, Val Ziegenfuss, Kristy Pigeon, two Australians Judy Dalton and Kerry Melville plus Heldman's daughter, Julie.

This was the start of the women's tour which, contrary to the expectations of some, has prospered. The 1995 WTA Tour offers more than \$35m in prize money at 59 tournaments in 23 countries.

The WTA Tour Board which governs women's tennis, is another example of evolution. The new body is the result of painful and protracted negotiations between the Women's Tennis Association (the player's body) and the Women's Tennis Council (where the ITF and tournament directors were represented). Both bodies ceased to exist on January 1 1995.

Not that everything in the women's garden is lovely. They

are without a main sponsor and short of charismatic players now that Martina Navratilova has retired (from singles, at least). Jennifer Capriati's return has been temporarily aborted and Monica Seles continues to remain silent about her return.

That is why last weekend's re-launch of the Federation Cup as a season-long competition played, like the men's Davis Cup, as individual ties on a knock-out basis, assumes importance. This is another example of the evolutionary process. The first Federation Cup, played as a week-long festival at London's Queen's Club in 1963 attracted only 16 nations. Thirty-two years later 87 countries are taking part.

The top 16 nations in the new Fed Cup (why, oh why, did they have to cheapen it?) are divided into the World Group and Group One. Below that are three qualifying groups with promotion and relegation.

In last weekend's first round World Group ties the holders, Spain, beat Bulgaria 3-2 to qualify for a semi-final in July against Germany, 4-1 winners against Japan. In the other semi-final France, who beat South Africa 3-2 will face the US, 5-0 victors over Austria.

Instead of adopting the three-day Davis Cup format the new Fed Cup is played over two days with two singles each day and the doubles as the fifth rubber.

The only tie to have depended on the doubles was in Metz. For the 2,200 spectators packed on their wooden benches in the tiny Palais des Sports it was a thrilling climax to a tie that had seen the unexpected defeat of the Australian Open champion, Mary Pierce, by Amanda Coetzer to put South Africa ahead 2-1. Julie Halard levelled by beating Joannette Kruger 6-4 7-5 and had to return to court with Nathalie Tauziat to play Marianne De Swardt and Elina Reinach. After a tense first set the home crowd cheered the French team to a 7-5 6-2 victory.

With good crowds at the other three World Group ties, the future of the cup looks bright.

Less encouraging is Britain's position. After two defeats in the Europe/Africa Qualifying Group, only a last ditch win against Poland prevented relegation. What an ignominious start for a nation that reached the final four times between 1967 and 1981.

What is the opposite of evolution?

Sport Marketing / Chris Matyszczyk

Keep your eyes on the pitch

dearth of interest from US television viewers, the league folded in 1992 with losses of around \$60m. It has returned with six teams - three returning teams in London, Barcelona and Frankfurt and new clubs in Amsterdam, Dusseldorf and Edinburgh.

The goals appear to be more sober, though the mission statement - NFL optimists talk of 10 teams in Europe playing 10 in Asia - remains the same.

"The English fan is completely different from any other sports fan," said Freddie Hurwitz, the Monarchs' public relations and marketing director. "The Germans just go to have a good time, they love the atmosphere. The English fan asks 'is it going to be real sport?'" The Monarchs advertising slogan is "It's Showtime".

Hurwitz agrees that the biggest problem is the team: "If it doesn't perform what can we do?" she said.

Harvey Goldsmith, the rock concert promoter, is part owner of the London Leopards basketball team. He is another worshipping at the showtime chapel. He believes that as indoor arenas in Britain have developed, so must indoor sport.

Goldsmith says that British basketball, which has flattered to deceive for 15 years, merely needs his showbiz expertise. He believes in his logo, his team colours, his cheerleaders. For Goldsmith: "The sport takes care of itself. What I do is market it and promote it."

The Leopards play their home games in the London Arena in Docklands. In this, their first year, they finished in mid-table and failed to make the finals. They have played before an average of 900 spectators. Half of these usually enjoyed free tickets. Might this suggest that for all the showbiz, sport is still top of the bill?

"You cannot give away tick-

ets. It devalues your product. We made that mistake," said Gareth Moores, the Monarchs general manager.

Moores makes a distinction between marketing sports which do not have a tradition in Britain and sports that do. Traditional sports involve complex emotions. Moores himself has had to cope with the prospect of seeing his beloved Widnes rugby league club merge with rivals Warrington at the behest of TV.

With a new sport, Moores says, the hard core fan will come anyway. It is the entertainment (fireworks and cheerleaders etc) which brings in new disciples. Before the first game last Sunday Moores said he hoped for an average crowd of 18,000 and would be "shocked" to get less than 10,000 at the Monarchs' new home ground of White Hart Lane. This week the Monarchs cut ticket prices, in some cases by more than 50 per cent.

Goldsmith and his partners need at least an average of 2,000 paying customers in their second season just to get close to their aim of breaking even. Both men believe they must be on TV at any price. The logic is: "If you get it on television, people will begin to appreciate it and then they will come to a live game."

But why should anyone but the converted seek out American football and British basketball on Sky? British basketball made no perceptible strides when it was regularly on Channel Four.

Television has another role. Few clubs in sport can survive on gate money alone. The WLAFA says it has \$40m behind it, although club budgets bear little resemblance to the heavy spending in 1991-2.

Goldsmith says he and his partners have invested \$14m in the Leopards. They must seek sponsors and broadcasters. The figures suggest that just to put the Leopards on the court costs in the region of

1500

INTERNATIONAL ARTS GUIDE

What's on in principal cities

AMSTERDAM

GALLERIES

Amsterdam Historische Tel: (020) 523 1822
Hunger, Winter and Liberation in Amsterdam: exhibition that marks the changes in Amsterdam during the last months of second world war and the liberation; to Sep 9
Gemeentearchief Amsterdam Tel: (020) 572 0202
Mahler in Amsterdam: exhibition on the life and works of Mahler with an assortment of manuscripts, letters, scores and films; to Jun 11
Jewish Historical Tel: (020) 626 9945
Taking a Stand: exhibition shows the work of two artists, Ralph Rine and Felix Nussbaum to commemorate the 50th anniversary of the Liberation. Nussbaum was killed in Auschwitz and Rine was one of the survivors of the Theresienstadt camp; to May 7
Rijksmuseum Tel: (020) 673 21 21
The Age of Elegance: exhibition reflecting 18th century Dutch art with 40 paintings by artists such as Troost, Tischbein and Ouwter; from Apr 29 to Sep 24
The National Liberation Dress: commemorative handwork marking the 50th anniversary of the Liberation; to Jun 18

Opera/Ballet
Het Muziektheater Tel: (020) 551 89 22
L'Orfeo: by Monteverdi. A new production conducted by Stephen Stubbs and directed by Pierre Audi. Soloists include David Cordier, Howard Crook and Agnès Mellon; May 5 (8pm)

BALTIMORE

CONCERTS

Symphony Hall Tel: (410) 783 8000
Baltimore Symphony Orchestra: with guitarist Manuel Barrueco. James Paul conducts a programme that includes Vivaldi, Puccini and Respighi; Apr 29 (8.15pm), 30 (3pm)
Opera/Ballet
Lyric Opera House Tel: (410) 727 6000
Manon Lescaut: by Puccini. A Baltimore Opera presentation conducted by Joseph Rescigno and directed by James de Blasis. Soloists include Barbara Daniels, Elizabeth Byrne and Patryk Wroblewski; Apr 29 (8.15pm), 30 (3pm)

BERLIN

CONCERTS

Konzert Haus Tel: (030) 309 21 02/21 03
Berlin Symphony Orchestra: with soprano Helen Donath, tenor Christoph Prégardien, baritone John Brucheler and the Danish Radio Orchestra plays Britten's "War Requiem" to commemorate VE day; 7.30pm; May 4
German Symphony Orchestra: Paavo Berglund conducts Schumann and Brahms; 8pm; May 6
GALLERIES
Deutsches Historische Tel: (030) 215 020
Pictures and References to German History: exhibition with more than 2,000 paintings, coins, materials and other artefacts documenting the history of Germany; to Dec 1 (Not Sun)
Kunstgewerbemuseum
Contrasts in 20th Century German Design: to Dec 1
Opera/Ballet
Deutsche Oper Tel: (030) 34384-01
Lohengrin: by Wagner. Conducted by Hollreiser/Thieleman, produced by Götz Frederich; 6pm; Apr 30
Theater des Westens Tel: (030) 31 90 31 93
Street Scene: by Kurt Weill. In English with soloists Janice Fely and Dean Anthony. Conducted by James Holmes; 7.30pm

BONN

GALLERIES

Kunst- und Ausstellungshalle Tel: (0228) 9171 236
Agnès Hegedüs: Between the Words; to May 7
Russian Museum of St Petersburg: third in the Great Collection series. The museum in St Petersburg houses 500,000 works from which 500 have been selected to represent 500 years of Russian art and culture; to Aug 13 (Not Mon)
Under the Volcano Antique Masterpieces: second in the Great Collections series, a modern "excavation" from among the 200,000 works of the Museo Archeologico Nazionale di Napoli that includes statues, frescoes and ceramics; to Jun 5 (Not Mon)

BRUSSELS

CONCERTS

Beaux-Arts Tel: (02) 507 82 11
Belgian National Orchestra: with the Brussels Choral Society led by Tom Cunningham and mezzo-soprano Penelope Walker. Yuri Shternov conducts Elgar's "The Dream of Gerontius"; 8pm; Apr 29
Opera/Ballet
De Munt/La Monnaie Tel: (02) 218 22 11
Idomeneo: by Mozart. A new production conducted by Philippe Herreweghe and produced by Joël Lemaire. Soloists include Jorma Silvasti, Mathias Zachariassen and Maria Bayo; 7.30pm; May 2, 4

CHICAGO

GALLERIES

Chicago Art Institute Tel: (708)



Desmond Barritt plays Melvolio in Twelfth Night at the Barbican in London

888 9800
Gustave Caillebotte: exhibition of 117 works by the "Urban Impressionist". The show moves to the Los Angeles County Museum of Art in June; to May 28

FRANKFURT

CONCERTS

Alte Oper Tel: (069) 1340 400
Frankfurt Opera House and Museum Orchestra: with pianist Christian Zacharias. John Nelson conducts Mozart and Dvorák; 11am; Apr 30

GENEVA

GALLERIES

Art et Histoire Tel: (022) 311 43 88
Icons: the Mavromichalis donation; to May 7
Centre d'Art Contemporain Tel: (022) 329 18 42
Tony Oursler: installation by the artist; to May 28

LONDON

CONCERTS

Barbican Tel: (0171) 638 8891
English Chamber Orchestra: with violinist/director Isaac Stern and director Paul Barritt plays Tchaikovsky, Beethoven and Mozart; 7.30pm; May 3
Grand Classical Gala: Martin Mary conducts the National Symphony Orchestra in a programme that includes Verdi, Orff, Strauss and Ravel; 7.30pm; Apr 30
Isaac Stern: violinist with pianist Yefim Bronfman plays Mozart, Janáček, Schubert and Bartók in a celebration of Stern's 75th year; 7.30pm; May 4
London Symphony Orchestra: Sir Simon Rattle conducts Beethoven's "Symphony No. 3" and excerpts from Dvořák's "Porgy and Bess"; Soloists include John Rigby, Faye Robinson and Wills Morgan; 7.30pm; May 5
Puccini Gala Night: Paul Wynne Griffiths conducts the London Concert Orchestra with sopranos Christine Teare and Clare Rutter, and tenors Adrian Martin and Julian Gavin for an evening of Puccini highlights; 8pm; Apr 29
Queen Elizabeth Hall Tel: (0171) 928 8800
Estonian Philharmonic Chamber Choir: Tonu Kaljuste conducts Part. This concert is part of the Arvo Pärt, emerging light series; 7.45pm; May 5
The Indian Queen: music by Purcell, play by John Dryden and Sir Robert Howard. Fully staged production with the King's Consort of the composer's last theatrical piece. Conducted by Robert King, directed by Jeremy James Taylor; 7.15pm; May 6
Royal Festival Hall Tel: (0171) 928 8800
Gala Concert: The London Philharmonic and Royal Philharmonic Orchestra. Sir Georg Solti conducts Beethoven's "Symphony No. 7" and Bartók's "Concerto for Orchestra"; 7.30pm; May 2
Philharmonia Orchestra: with violinist Anne-Sophie Mutter. Semyon Bychkov conducts Hindemith, Rihm and Beethoven; 7.30pm; May 3
Philharmonia Orchestra: with violinist Anne-Sophie Mutter. Semyon Bychkov conducts Stravinsky, Prokofiev and Berlioz; 7.30pm; May 5
The Michael Nyman Orchestra: with harpsichordist Elizabeth Chomicka and mezzo-soprano Hilary Summers. World premiere of the orchestra brought together especially for the Nyman series and includes the premiere performance of "Carrington"; 8pm; Apr 29
Barbican Tel: (0171) 638 8891
Impressionism in Britain: more than 200 works by more than 100 artists including Degas, Rothenstein and Whistler; to May 7
National Portrait Tel: (0171) 308 0055
Richard Avedon: large scale photographic portraits and fashion photographs; to Jun 11
Royal Academy Tel: (0171) 439

7438
Odilon Redon: exhibition of works by the late 19th-century French painter; to May 21
Serpentine Tel: (0171) 402 0343
Take Me (I'm Yours): a unique opportunity to touch, use, test, buy or take away the objects in this exhibition that has been selected by Swiss curator Hans Ulrich Obrist; to May 1
Tate Tel: (0171) 887 8000
British Sporting Art: special display from the collection focussing on the flourishing of sporting and animal painting in Britain from 1720 to 1850; to Jul 2
Willem de Kooning: 70 paintings drawn from private and public collections worldwide; to May 7

OPERA/BALLET

English National Opera Tel: (0171) 632 8300
Don Giovanni: a new production of Mozart's opera. In house debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 29; May 6
Royal Albert Hall Tel: (0171) 589 8212
Un Ballo in Maschera: by Verdi. Conducted by Edward Downes, directed by Patrick Young and with soloists Deborah Voigt, Lillian Watson and Luciano Pavarotti; 7.30pm; May 1
Royal Opera House Tel: (0171) 304 4000
Mixed Programme: a Royal Ballet production that includes a new production of the Frederick Ashton choreographed "Rhapsody" and the world premiere of "New Forsythe Ballet", choreographed by William Forsythe to the music of Willems; 7.30pm; Apr 29 (7pm)
THEATRE
Barbican Theatre Tel: (0171) 638 8891
A Midsummer Night's Dream: by Shakespeare. Directed by Adrian Noble; May 5 (7.15pm), 6 (2.15pm)
Twelfth Night: by Shakespeare. Directed by Ian Judge, and starring Desmond Barritt as Malvolio; 7.15pm; May 1, 2, 3, 4 (2pm)
Donmar Warehouse Tel: (0171) 369 1732
Our Boys: written and directed by Jonathan Lewis. An exploration of military institutions through life in a military hospital; 8pm; to May 13 (Not Sun)
Lyric Hammersmith Tel: (0181) 741 2311
Milk on the Floor: by George Eliot. Directed by Nancy Meckler and Polly Teale and stars Clara Salaman; 7.30pm; to May 13 (Not Sun)
Old Vic Tel: (0171) 928 7818
Conversations with My Father: by Herb Gardner and directed by Alan Ayckbourn. Stars Judd Hirsch who won a Tony award for his role; 7.45pm; (Not Sun)
Royal Court Tel: (0171) 730 1745/2554
Simpatico: by Sam Shepard, directed by James Macdonald. First major play by Shepard in nearly 10 years; 7.30pm; to May 13 (Not Sun)

LOS ANGELES

GALLERIES

County Museum Tel: (213) 857 6000
American Impressionism and Realism: The Painting of Modern Life. Two important turn-of-the-century movements in American painting illustrated by artists such as John Singer Sargent, Mary Cassatt and Childé Hassam; to May 24
MADRID
GALLERIES
Fundación Colección Thyssen-Bornemisza Tel: (91) 420 39 44
André Derain: approximately 70 paintings selected to represent the painter's different artistic periods; to Jul 10
Fundación Juan March Tel: (91) 435 48 40/435 42 40
Klimt-Kokoschka-Schiele: exhibition of 35 works by the three Viennese artists; to May 21
Prado Tel: (91) 420 28 88

Sebastiano Del Piombo: Venetian born artist of the Italian Renaissance. This exhibition explores his influence on Spanish painting during the 16th and 17th centuries; to Apr 30
Zurbarán: Jacob and His Twelve Sons; to Apr 30
Reina Sofia Tel: (91) 468 30 02
Northern Lights: works by artists from the Nordic nations; to May 15
Pablo Palazuelo: retrospective of the Spanish artist containing more than 60 paintings; to Jul 10
Salvador Dalí: the early years; to Jun 18
Soledad Lorenzo Tel: (91) 308 2887
Antoni Tàpies: recent works by the Spanish artist; to May 6

MUNICH

GALLERIES

Bayerische Staatsgemäldesammlungen Tel: (089) 23 80 50
Hans Memling: Johannes and Veronika; to Jun 11
Henri de Toulouse-Lautrec: posters; to Apr 30
Haus der Kunst
Deutsche Romantik: the work of early German Romantic painters and their cultural and political impact on successive generations of German artists; to May 1

NEW YORK

CONCERTS

Alice Tully Hall Tel: (212) 875 5050
New World Symphony: Michael Tilson Thomas conducts Ives, Dutilleul, and Copland; 8pm; Apr 29
New York Choral Society and Queens Symphony Orchestra play Borodin's "Polovtsian Dances"; 3pm; Apr 29
Avery Fisher Tel: (212) 875 5030
American Symphony Orchestra: with conductor Leon Bolstein, tenor Thomas Young, baritone William Sharp and the New York City Gay Men's Chorus in a programme celebrating the 50th anniversary of the United Nations; 3pm; Apr 30
Carnegie Hall Tel: (212) 247 7800
American Composers Orchestra: with pianist Leon Fleisher, Dennis Russell Davies conducts Chen Yi, Curtis-Smith, Wyner and Kirchner; 3pm; Apr 30
Murray Perahia: piano recital; 8pm; May 2
Orchestra of St. Luke's: with mezzo-soprano Marilyn Horne. Raymond Leppard conducts Hindemith, Vivaldi, Villa-Lobos and Stravinsky; 8pm; May 6
The Cleveland Orchestra: soloists include sopranos Margaret Jane Wray and Christine Goerke. Robert Shaw conducts Mahler's "Symphony No. 8"; May 4 (7.30pm), 5 (6pm)

GALLERIES

Grand Central Station Main Gallery Tel: (212) 592 2010
Yugo Next: students from the New York School of Visual Arts were asked to redesign and find alternative uses for Yugos, the Eastern European car. The results ranged from a grand piano to a mouse trap; from May 3 to May 26
Guggenheim Tel: (212) 423 3852
Felix Gonzalez-Torres: a comprehensive survey of the contemporary artist's multi-media art form; to May 10
Rosa Bleckner: retrospective of the American artist consisting of approximately 75 paintings and works on paper; to May 14
Metropolitan
Nadar: the first major survey of photographs by Félix Tournachon Nadar (1820-1910), the celebrated portraitist of mid-19th century Paris. The exhibition comprises of approximately 100 vintage prints; to Jul 9
Museum of Modern Art Tel: (212) 708 9480
Helen Chadwick: Bad Blooms: the English artist's most recent photographic series comprising of 13 large photographs of flowers in a variety of viscous liquids; to Jul 1
Various Venues Tel: (212) 621 8800
Ingmar Bergman Festival: retrospective of works by the film director at venues all over the city; from May 5 to Jul 2

PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50
National Orchestra of France: with soprano Anne-Sophie Schmidt and mezzo-soprano Jocelyne Taillon. Charles Dutoit conducts a concert performance of Debussy's "Pelléas et Mélisande"; 8pm; May 4
GALLERIES
American Center Tel: (1) 44 73 77 77
Micromegas: works by European and American artists reflecting on scale and size; from Apr 30 to Jun 4
Centre Georges Pompidou Tel: (1) 42 77 12 33
Constantin Brancusi: first ever French retrospective of the Romanian born sculptor and painter who spent fifty years in France. The show offers a chronological and thematic look at 103 sculptures, 38 drawings and 55 photographs; to Aug 21
Galerie Schmitt Tel: (1) 42 60 36 36
Bonnard: retrospective of the French artist Pierre Bonnard (1867-1947); from May 3 to Jul 12
Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 81 27
Marc Chagall: exhibition that charts the development of Chagall's distinctive style; to Sep 17
Musée d'Orsay Tel: (1) 45 49 11 11
James McNeill Whistler: exhibition of works; to Apr 30
Musée Du Petit Palais Tel: (1) 42 65 12 73
Carthage: history, its impact and resonance; to Jul 2
OPERA/BALLET
Opéra National de Paris,

Bastille Tel: (1) 47 42 57 50
Iphigénie en Tauride: by Gluck. Conducted by Graham Jenkins. Produced by Achim Freyer. Soloists include Carol Vaness, Anthony Michaels-Moore and Keith Lewis; 7.30pm; May 4, 6

SAN DIEGO

OPERA/BALLET

San Diego Opera Tel: (619) 232 7636
La Bohème: by Puccini; 7pm; Apr 30

SAN FRANCISCO

GALLERIES

de Young Museum Tel: (415) 863 3330
Monet: paintings of Monet's garden in Giverny from the Musée Marmottan. An exhibition of 22 works created between 1903 and 1926; to May 29

THE HAGUE

GALLERIES

Gemeentemuseum Tel: (070) 33881111
Piet Mondrian: exhibition of 147 works on the 50th anniversary of the artist's death; to Apr 30
Museum Paleis Lange Voorhout Tel: (070) 3381 111
Piet Mondrian (1872-1944): paintings and drawings by the Amsterdam born painter on the 50th anniversary of his death; to Apr 30

VIENNA

CONCERTS

Gesellschaft der Musikfreunde Tel: (1) 506 13 63
An Evening with Agnes and Ruggero: mezzo-soprano Agnes Baltsa and bass baritone Ruggero Raimondi are accompanied by pianist Ronald Schneider to play Liszt, Brahms, Ibert, Ravel and Rossini; 7.30pm; May 3
Budapest Festival Orchestra: with pianist András Schiff. Ivan Fischer conducts Bach, Bartók and Beethoven; 7.30pm; May 2
Viennese Mozart Academy: with clarinetist Peter Schmidl, Yehudi Menuhin conducts Mozart, Pärt and Shostakovich; 7.30pm; Apr 29
Viennese Symphony Orchestra: with soloist Mischa Maisky. Vladimir Fedoseyev conducts Wolf, Schumann and Shostakovich; 7.30pm; May 6
GALLERIES
Kunstlerhaus Tel: (1) 587 96 66
Buddha in India: exhibition charting the development of early Indian art from the Maurya dynasty 320-185 BC to the fifth century Gupta period; to Jun 15
Kunst Haus Wien Tel: (1) 712 04 91
Jean Dubuffet: retrospective with more than 140 works; to Apr 30
Kunsthof am Bank Austria Tel: (1) 711 81-57 31
Neorealism: 100 paintings and graphics by Franz Lenz, George Jung and Ernst Nepo etc; to Jun 11
Osterreichische Nationalbibliothek Tel: (1) 53 370 410-475
The Coptic Civilisation: a look at Coptic civilisation, their education system, religion, everyday life and business; 5pm; from May 1 to Oct 1

WASHINGTON

CONCERTS

Kennedy Centre Tel: (202) 467 4800
National Symphony Orchestra: with pianist Tzimon Barto. Zdenek Macal conducts Ott, Grieg and Brahms; Apr 29 (8.30pm), May 2 (7pm)
National Symphony Orchestra: with violinist Joshua Bell. Richard Hickox conducts Britten, Ravel and Beethoven; 8.30pm; May 4, 5, 6
Philadelphia Orchestra: with pianist Mikuláš Ujchida. Wolfgang Sawallisch conducts Berge, Beethoven, Brahms; 7.30pm; May 1
The King's Singers: cappella vocal ensemble; 8.30pm; May 3
The Met Orchestra: with soprano Margaret Price, James Levine conducts Schubert, Strauss, Schuller and Garshwin; 5pm; May 6
GALLERIES
Corcoran Tel: (202) 638 3211
Passionate Visions of the American South: Self Taught Artists from 1940 to the Present. Approximately 220 paintings and sculpture by 80 self-taught southern artists influenced by their communities, traditions and materials readily available to them; to May 7
Pedro Mayer: Truths and Fictions. A Journey from Documentary to Digital Photography. A combination of traditional street photography and photojournalism with digital imaging techniques; to May 15
National Gallery Tel: (202) 737 4215
Claes Oldenburg: an anthology containing drawings, sculptures and constructions by the artist over the last 25 years; to May 7
National Museum of Women in the Arts Tel: (202) 785 5000
Goniatide Anguissola (1532-1625): a renaissance woman. First showing in US of 24 works including intimate family portraits exemplifying the times in which she lived; to Jun 25
THEATRE
Arena Stage Kreeger Theater Tel: (202) 554 9066
What the Butler Saw: by Joe Orton, directed by Joe Dowling; 7.30pm; to May 28 (Not Mon)
Kennedy Centre Tel: (202) 467 4600
Angels in America: Part One, The Millennium Approaches. Tony Kushner's Pulitzer prize and Tony award winning play about sex, politics and religion; 7.30pm; from May 2
Crazy for You: by Ken Ludwig. Tony award winning musical based around 15 Gershwin standards; 8pm; from May 16 (Not Mon)
Studio Theater Tel: (202) 332 3300
Bessie's Blues: written and directed by Thomas W. Jones II. A musical portrait of blues legend Bessie Smith; 8pm; from May 3 to Jun 4

CHESS

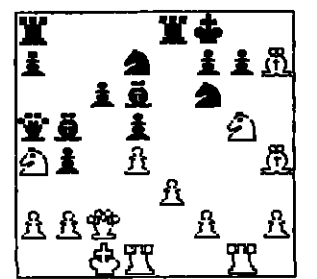
The Evans Gambit published last week proved the difference between Garry Kasparov and his Indian challenger Visy Anand at Riga. Final scores were Kasparov 7½/10, Anand 7, Ivanchuk 6½, Short and Kramnik 6, and six others. Anand's only loss was to Kasparov and confirmed the view that he will prove a serious contender in their championship match in September at Cologne.

Short, whose play has been in the doldrums since he became embroiled in chess politics in 1993, had his best result for a long time. His poor recent performances have dropped him out of the world top 20, but at Riga he was up with the elite. Britain's No.1 again offered Kasparov the Poisoned Pawn Sicilian, this time Kasparov suggested before rescuing a draw by a queen sacrifice.

Both Kasparov and Anand played some fine attacks in the style of Mikhail Tal, Latvia's world champion, for whom the event was a memorial. Here Black's unfortunate flank pawn advances spark a massive assault on his king by queen, rooks and bishop (Kasparov, White; Kengis, Black).

1 e4 e5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nc6 5 Nc3 Qc7 6 Be2 a6 7 Qd3 h5 8 Bg5 Bc6 9 Qc4 Qd6 10 Qd3 h5 11 Bg5 Bc6 12 Qd3 h5 13 Bg5 Bc6 14 Qd3 h5 15 Bg5 Bc6 16 Qd3 h5 17 Bg5 Bc6 18 f5: Rh8 19 Ra1 0-0 20 Bf6!

Qb5 21 Rg3 g6 22 Qd1 exf5 23 Rxf5 Bb6 24 Qxb5 Resigns.
Anand's best win has similar pawn weaknesses by the loser, but the decisive blow lands at c6 rather than f6 (Anand, White; Vaganian, Black).
1 e4 e5 2 d4 d5 3 Nc3 dxe4 4 Nxe4 Nd7 5 Nf3 Nf6 6 Bg5 Nxe4 7 Bxe4 Nf8 8 Bg5 Be7 9 Bxf6 gxf6 10 Qe2 c6 11 0-0 Qb6 12 c4 Bd7 13 c5 Qc7 14 Rd1 h5 15 Nd2 Rd8 16 Ne4 Be8 17 Qe3 b5 18 cxb6 axb6 19 Ract Bb7 20 Qf3 f5 21 Ne5 Rxe4? 22 Qx7 mate Black's final move was a novice blunder but 21...f6 22 Bxc6+ Bxc6 23 Nxc6 Rcd 24 d5 leaves him in ruins.



No 1072
R Dive v C Baker, Café Baroque 1995. A young New Zealander wins brilliantly as White (to move).
Solution Page XVII

Leonard Barden

BRIDGE

Today's hand is from rubber bridge and teaches a valuable lesson:

N
A J 3
7 3 2
A 7 5 4
Q 8 2
W
A 7 5 2
Q J 8 6 5
A 10 9 6
K 7
E
Q 9 8 4
K 4
J 3
S
K 10 6
A 10 9
K 8 2
A J 4

At game-all South dealt and bid one no trump. North's three no trumps closed the brief auction.

West decided to open with the six of hearts. East's king won the first trick. The four was returned - West holds five hearts - won by the ace. There were eight top tricks. A successful finesse of spades or clubs could provide the ninth.

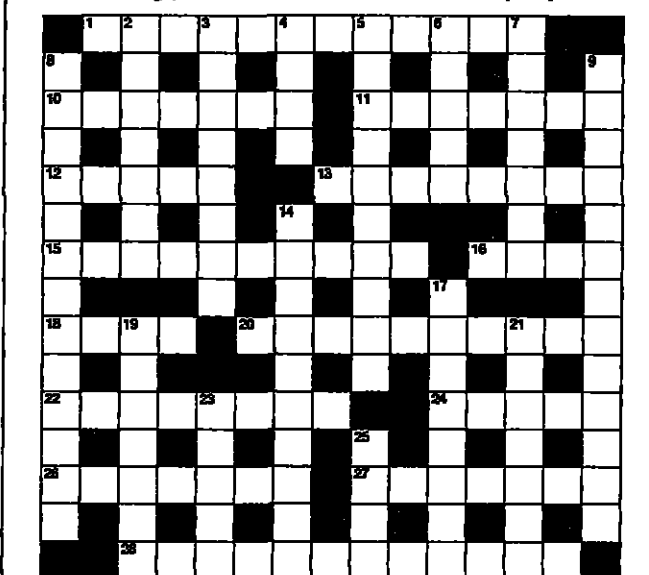
As the spade finesse ran into the non-dancer hand, declarer made the four diamonds, cashed his king of spades and then finessed the knave on the table. The queen won and the club return forced South to finesse his knave. West had the king and defeated the contract with his three hearts.

South should have played a spade from dummy and finessed his 10, you say. No. At trick three South should cash king, queen of diamonds and strip the eight to the ace. West, stripped of diamonds, is thrown in with a heart to make three tricks. Dummy discards queen and two of clubs, South the spade six and club four. West is endangered. If he leads a spade, declarer makes 10 of king and crosses to the diamond seven with his carefully preserved two, cashes the ace of spades and claims. A club return is equally fatal.

E.P.C. Cotter

CROSSWORD

No. 8,748 Set by DINMUTZ
A prize of a classic Pelikan Sovereign 800 fountain pen with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday May 10, marked Crossword 8,748 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9PL. Solution on Saturday May 13.



Name: _____
Address: _____

- ACROSS
1 Weapon-station personnel? (12)
10 Red rose embroidered for fire-back? (7)
11 master (7), true to form, is a dabbler? (7)
12 Prepares the way for quiet birds (5)
13 Violator of wing in 20? (8)
15 Not well, described as "fuzzy" (3,7)
16 Support pair at work (4)
18 Happy boy after grand opening (4)
20 State of a frolic in a frenzy (10)
22 Pangolin, a hollow nut consumed? (8)
24 Ornament on principal note, right in cash-box (5)
26 Charm in song, in French (7)
27 Complaint of one in mental torment (7)
28 Tame caddie, Tom, set to go round (12)
- DOWN
2 Free a French composer? (7)
3 Members of the Charlack family - attractive girls - following men with guns? (8)
4 Yes, a new way to be comfortable (4)
5 Does this piece of harness pinch a little? (7,3)
6 To be alert, get a watch (5)
7 Cover, possibly, if coming up before senior... (7)
8 ...cover for the present? (8,5)
9 Arty brother a lithe paperer, it turns out (13)
14 Smokes's, we hear coming from tragic Tescos accident (10)
17 Steinbeck's flat pancake (8)
19 Formic recipe for indigestion (7)
21 Lack of experience in a vet, perhaps, at opening of event (7)
23 Panic amongst the general army (5)
25 Cover for an Indian dish? (4)

Solution 8,747

FIRSTAID ASESSE
T O U R N A M E N T
M O B I L E A R M
I E G O D O N D
T R A D I T I O N A L
E D A T O D E F
B I T T E W A N G L E
E I T E R E N
M O N S T R O U S
T O P O V A
F O R T H I R D
R E T R O T H I R D
Y R A S E S E A
F O U R T H S T I C K L E R
O F A U D E
E S T A T E D E W I E L D E R
P I R A T E C O R P O R A L
A L E G A T E C R A S S O
E C A E T E B I
F A R T H I N G A C C O
O F I T I C S G
G E B E S A V E R Y
E D O D I D I
B R I G A D E O F
T O P O V A
A P O M E U N A W A R E
D E A N T I E T
C O V E R T O P S T O P
O F I T I C S G
W O R M H O S T H A D D O

WINNERS 8,737: A. Calder, Chelmsford, Essex; H.S. Cartmell, Newham, N. Yorks; A. Drimman, London SE4; J. Elliman, Harrogate, N. Yorks; Suzanne Farquhar, Woodley, Reading; Celia Warren, Hopwas, Staffs.



Peter Aspden

The goalkeeper's fear of the post

Corey Hirsch does not want to be remembered for letting in a goal that cost an Olympic gold medal

Imagine yourself at your work station, wherever that may be; chances are you are deeply immersed in writing or reading an important report, or in the middle of a meeting with colleagues, or typically trying to do too many things in too little time. But now imagine yourself at your weakest possible moment, that merest second of the day which you would least like to see preserved in some nightmarish kind of audio-visual posterity. You are stifling a yawn in the middle of the chairman's address; you are playing basketball with screwed-up pieces of paper and the dustbin; you are practising your putting when you should be putting in some practice at the things

you do least well.

Suddenly, in mid-yawn, dunk or putt, someone sneaky from, say, a dastardly foreign country takes a picture of you. And that country's government decides that it likes the picture; so much so that it will reproduce the image on a special postage stamp and it will be sent to millions of people round the world.

Feeling uncomfortable? So did Corey Hirsch, goalkeeper of the Canadian ice hockey team beaten by Sweden in the final of the 1994 Lillehammer Winter Olympics. So proud were the Swedes of their victory that they wanted to depict their winning goal, scored by Peter Forsberg against the hapless, helpless and rather undignified sliding

figure of Mr Hirsch, on a celebratory stamp.

Now Sweden is not a nation known for trumpeting its glories to the rest of the world. Think of an archetypal Swedish image and the mind springs to Liv Ullmann looking a touch under the weather as she contemplates her disintegrating marriage on a bleak winter night; even in the sphere of sporting excellence, one thinks of that peerless champion Björn Borg who, even in his moments of triumph, looked not dissimilar. Could it be that this most civilised, subdued of nations was intent on inflicting such humiliation on its conquered foe?

It should come as no surprise. The iconography of sport is the

nearest the modern world can come to capturing and celebrating the full range of human passions, a function formerly the preserve of religious art. Only sport can do this with any regularity; not politics, with its rampant sense of mendacity, nor the real world of war and disaster, which today occurs on such a large scale that individual pain is frequently forgotten. There was no single, unforgettable image of suffering to come out of the Gulf War, for example, just piles and piles of charred bodies. The innocence of sport enables us to revel in the outrageous expression of glorious victory or ignominious defeat, in the comforting knowledge that it does not really matter.

But none of this made Corey Hirsch feel any better about life. When the Swedes routinely asked him for permission to use the image of his despairing lunge at the puck, he made his feelings known. "It seems he did not regard it as the highlight of his career," Ingemar Mårtensson, managing director of Sweden Post, told me. "We were just looking for an image which would capture the speed and excitement of the moment."

So the Swedes, true to their civilised instincts, backed down – sort of. Corey Hirsch's image was indeed removed from the stamp, only to be substituted by an "anonymous" goalkeeper, dressed in different clothes, with a different

number, making an equally forlorn attempt to save Forsberg's telling strike. In posterity's eyes, the goal stands. But future generations will for ever be arguing about that goalkeeper: not so much could he have saved it? but who-on-earth was he?

Still, maybe it does not matter. Who, after all, remembers the German goalkeeper who heard the smack of Geoff Hirst's controversial thunderbolt against the crossbar on that sunny July afternoon in 1967? It certainly was not the highlight of his career, either. Award yourself a free dunk at the dustbin if you can remember his name. But if you can't, don't forget sport's most canny lesson – nobody loves a sore loser.

Interview

Scientist who glimpsed god

Clive Cookson meets Paul Davies, physicist with a spiritual view

Professor Paul Davies is a leading member of what he calls "an alternative academy" of scientists and intellectuals, working to lay a spiritual foundation for the new millennium. "We are trying to construct a view of the world which is not necessarily theological – and is not religious in any conventional sense – but is more comforting and congenial for human beings than the bleak reductionism and materialism of most science over the past 300 years."

The role played by Davies, a mathematical physicist with an international reputation, will be recognised formally next week when he receives the £650,000 Templeton Prize for Progress in Religion in a public ceremony at Westminster Abbey – "a ceremony, not a service," he emphasises – followed by a private celebration hosted by the Duke of Edinburgh at Buckingham Palace.

The prize, founded in 1972 by the global investor John Templeton, is the world's most valuable annual award. Previous winners (including Mother Teresa of Calcutta, Billy Graham and Alexander Solzhenitsyn) have used the proceeds to continue their life's work, and Davies intends to do the same.

The money will enable Davies, at the age of 48, to endow his own academic chair for the rest of his working life, without worrying about the teaching and administrative ties that bind most professors. "It will support my research, writing and international lecturing."

He plans to stay in Australia at the University of Adelaide, where he moved in 1990 from the University of Newcastle-upon-Tyne – a highly publicised example of the scientific brain drain from Thatcherite Britain. "The bad days of swinging budget cuts are over, and some of my worst fears in the 1980s about the future of British science have not come to pass," he concedes, "but I still find a mood of sullen depression and insecurity when I return to the UK. Australia is much more open-minded and receptive to new ideas."

The ideas of Davies are inspired by the "awesome beauty, harmony and ingenuity of nature". Of course an awe-struck strain of this sort has run through science for hundreds of years – a leitmotif beneath the dominant "bleak materialism". But it is becoming ever stronger, as astronomers and particle physicists, geneticists and biologists produce more evidence of what Davies calls design and purpose in the universe. "Having spent half a lifetime working at the forefront of fundamental physics, I have found the use of words like 'design, meaning and purpose' irresistible. How can one accept a scheme of things so cleverly arranged, so subtle and felicitous, simply as a package of properties that just happens to be?



Paul Davies: inspired by the 'awesome beauty, harmony and ingenuity of nature'

Of course science cannot prove the existence of a design or a designer, but it can reveal the sheer depth of ingenuity that goes to make up this marvellous universe, our home."

The loose-knit "alternative academy", which Davies says is promoting such views, includes Roger Penrose, the Oxford mathematician, James Lovelock, originator of the Gaia philosophy, and Charles Jencks, the architect and designer.

"Those of us who work within the mainstream academic community would agree with our more depressed scientific colleagues, such as [the biologist] Richard Dawkins and [the physicist] Steven Weinberg, on the broad facts. We all agree that science is the best way to describe the world, but we may disagree on the interpretation."

"For example, I do not accept Weinberg's bleak view that 'the more the universe seems comprehensible, the more it also seems pointless'. Nor do I accept Dawkins' 'blind watchmaker' thesis that there is nothing progressive about evolution. I think the evidence points to a more comfortable view in which human beings have a modest but essential place in the universe."

Davies has long been interested in the so-called anthropic principle

– the idea that the universe is the way it is because, if it were otherwise, we would not be here to observe it. "It turns out that the existence of life, at least as we know it, is remarkably sensitive to the precise form of the basic laws, so that had the universe been put together even slightly differently, it would have gone unobserved."

The principle has been stated in several different forms over the years, and scientists cannot agree whether it is a confusing piece of circular reasoning or – as Davies believes – an insight into the nature of the universe.

Recently he has been struck by a related but slightly different point. "There is something very special about our ability to describe, through higher mathematics, the workings of the universe that have led to our creation. The fact that the laws permit the emergence of conscious beings who can reflect on the meaning of it all is surely a fact of immense significance."

But, I ask, isn't the anthropic principle just a tautology? Davies replies: "That objection is only valid if you postulate that a large number of other universes exist besides ours – even an infinite number – each with different laws, then it is no surprise that ours has the right conditions for conscious life to emerge."

"What I don't like about the many universes theory is that it seems like another case of an ad hoc or miraculous solution. Invoking an infinite number of other universes just to explain the apparent contrivances of the one we see is pretty drastic. I try to understand why things are the way they are in this universe and not to invent invisible universes to do the job."

(Incidentally, cognoscenti of the different multiple universe models will be interested to know that Davies is more sympathetic to the 'parallel universes' theory that has recently become popular with quantum cosmologists. Grossly oversimplified, this holds that our universe is not just one universe with a single history but an infinite number of parallel universes in which anything that could physically happen does happen. This idea may boggle your mind but Davies is keeping his open – "at least all the parallel universes would obey the same laws".)

Although Davies has used "God" in the titles of two of his 20 books (*God and the New Physics* in 1983 and *The Mind of God* in 1992) he says: "I'd rather get away from using the words 'God' and 'religion'. By God I meant the purposeful foundation of the universe. The truths on which the universe is

founded must be timeless; you cannot have a God inside time or matter. But a timeless God is inevitably abstract. The general public hankers after a temporal God."

The superstitions of organised religion have little appeal for Davies, who grew up in a north London family that regarded itself as Anglican but attended church irregularly. As a teenager he studied texts by John Robinson, the bishop who started the "God is Dead" debate of the 1960s, and engaged in intense arguments with local clergy.

Now he says: "We have to grow up and give up the notion of the cosmic magician who waves a wand to create atoms and then life. There's no need to invoke anything supernatural in the origins of the universe or of life. I have never liked the idea of divine tinkering: for me it is much more inspiring to believe that a set of mathematical laws can be so clever as to bring all these things into being."

When I say that, for many, the main comfort of religion is its promise of an afterlife, Davies is – for the only time in our interview – almost lost for words. "The idea of a guardian-angel God is very comforting but I can't find any room in my philosophy for it."

Davies perks up immediately

when I ask about his plans for the future. He mentions three "scientific topics of deep theological significance that I hope to work on in the coming years". First, "we still lack a full understanding of the nature of time". Time has long been one of Davies's main interests and it is the subject of his excellent new book *About Time* (Viking, £18).

His second topic for future research is the fashionable one of consciousness. Like Penrose, Davies wants to investigate "the relationship between the mental world of thoughts and emotions and the physical world of atoms and forces. There is currently some optimism that quantum mechanics, that enigmatic branch of subatomic physics, may entangle mind and matter in the necessary subtle fashion."

Finally, Davies says, "to appreciate fully who we human beings are and what our place may be, we need to know whether or not we are alone. Is life unique to planet Earth or is it a widespread phenomenon?"

In Davies's vision of the universe, there must be extraterrestrial civilisations – and it is worth spending millions of dollars, listening for their interstellar radio signals.

Nothing, I imagine, would comfort him more than a message from intelligent life elsewhere.

Credit where it's due

Finding a job, renting a flat, obtaining a mortgage, buying a car on instalments is very, very difficult in New York without a favourable credit rating, or credit "history".

I learned this during my first month in the US after I found a flat in Manhattan that would accept pets and was affordable.

I explained to the agent that delaying into my credit rating would be useless because I had never bought anything on credit nor had I worked in the US since 1987. She then said I must provide a certified banker's cheque for the sum equal to one month's rent, plus my personal cheque for two months' rent – all of which I was prepared to do. The certified cheque would be returned to me at the end of my first year.

(All of this became unnecessary when the owners of the garden flat where I had been staying said I could stay on permanently.)

As visitors to the US learn, a credit card is at times essential. You can hire a car without a driving licence but not without a credit card, for example. So I set out to acquire one or more credit cards. That was when I discovered that if I had had a bad credit rating, say, seven years ago, I would have been in a better position than having, as I did, no credit rating at all.

I had never wanted a credit card until 1978. I was living in Rome, where there had just been a banking strike, and on a visit to London found in my hotel room a postcard advertisement from American Express. I filled it in with my home address and waited. Eventually, a letter arrived, saying: "Since it appears that you are often abroad, perhaps you could ask your (British) bank to pay your eventual bills by direct debiting." That was done and the credit card arrived.

About 10 years later, I received a form-letter from American Express

'A bad credit rating would have been better than no credit rating at all'

asking if I would like a second credit card in dollars "as you might find it convenient when travelling abroad". At the time, AT&T had just begun offering its own "calling card" which could be used for calls to North America, provided one had a dollar credit card.

Since AT&T's long distance rates were roughly two-thirds less than the Italian telephone rates, I eagerly said yes to American Express once again. Later on, I acquired a MasterCard from my Rome bank and a Visa card from my London bank. With those four cards I re-entered the US, where of course they were valid.

I had maintained an often very small current account in the US with Citibank since 1988. I topped up the account with sterling when I returned and asked Citibank for a MasterCard, as I intended shutting down my Rome bank account.

I was refused due to "insufficient satisfactory credit references" and the fact that I had said my annual income was only \$35,000. If I had any questions about this judgment I could make inquiries with Equifax Credit Information Services in Atlanta, Georgia.

But Equifax could not contemplate, nor deal with, a Man With No History. Their computers balked, shuddered, and stopped.

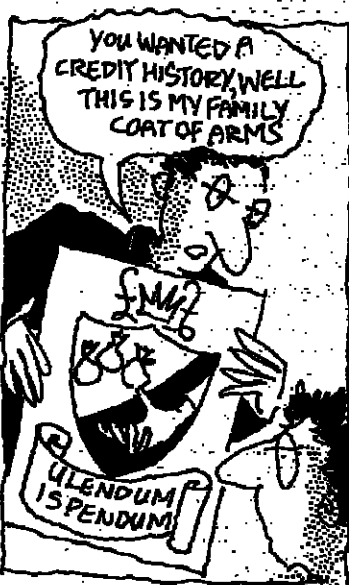
I next wrote to American Express in Brighton, England, telling them that I was now "posted" to the US and could they transfer my Gold Card in dollars to their American offices. I now had a US-issued credit card.

However, there are many places in the US that will only accept MasterCard or Visa cards. I called on my local Citibank branch manager.

I repeated my tale of a history-less American citizen, how I had had an account with Citibank since 1986 – "And the bank has a moral responsibility to give me a credit card".

Her eyes widened, the jaw dropped. There was 30 seconds of silence. "I will speak with someone upstairs, and let's see what happens." Ten days later I received the Citibank's MasterCard, recently renewed through 1998.

George Armstrong



When the French wanted to show they were fed up last Sunday, they voted for nobody in particular. The Germans did almost the same last year, the British and Americans vote for the other lot.

So we come to the "feelgood factor", which is a pity because it is a nasty phrase. But we cannot do without it even though it does not add up to much: not happiness, just security and modest optimism.

Incumbents, according to the orthodox, win or lose elections according to how people feel. That in turn is supposed to be a function of economic performance. France is odd because there is no incumbent for most presidential elections. Balladur was the nearest thing and has produced an economic recovery but did badly in the vote.

The link with economic performance has been broken, many economies are in fine fettle but the people who live in them are blaming, not thanking, their governments. In Britain it may at last have been understood that it is the

very lack of a feelgood factor that makes the present "conjuncture", as its neighbours would say, so healthy.

Some countries have always proved what economists have yet to grasp: feeling bad is a prerequisite of economic health. They show that consumer confidence should, in normal circumstances, be undermined and that a feeling of nervous insecurity can underpin what is regarded as success in business and industry.

It is, after all, obvious that Germany and Japan have been the outstanding performers of the industrial world for decades. And neither have felt particularly good for decades. Their traditional trade surpluses provide a surefire system of ensuring that workers do not enjoy the fruits of their labours,

foreigners do instead.

I recall a German economic official being blamed for "greed" because of his country's success on foreign markets. He replied: "We send all those beautiful Mercedes out of the country and all we get in return are a pile of lousy dollars."

The Japanese and the Germans never feel good, maybe with reason. One thing they certainly have in common is an antiquated retail system, yet another way of repressing the consumer. In Germany you can shop until you drop more easily than anywhere else in the world. It takes about five minutes. Try going to a supermarket in Berlin on a Saturday morning. It closes at mid-day and is populated by 1m last-minute shoppers.

The Japanese have to shop at overpriced little stores which offer

an array of imported goods that compares unfavourably with Ceausescu's Romania. A sure sign of not feeling good is saving lots of money. If spending money is hard work and manufacturers and suppliers always believe the customer is always wrong, one can solve most of the normal problems of a market economy. Thus it is that the countries with the most efficient retail systems are those with the most constant balance-of-payments problems. The Japanese have gone too far the other way.

So now we see how to solve the problems of the dollar. There should be a statutory limitation on US shop opening hours as in Germany. Credit cards should be regarded as slightly disreputable. Automatic cash dispensers would be located inside banks so that they

can be used only during very brief opening hours. Shop assistants would mutter, "have a foul day" to customers at the check out.

The trouble is, of course, that not every country can follow this course without plunging the world into a 1930s-style recession. In the end there has to be a balance of over-consumers and over-savers.

Which brings us back to France, because that is the country, par excellence, which is right in the middle. It usually has a trade surplus these days, but not a big one. Yet it pretends its very economy is under threat every time a shop sells a Taiwanese shirt or a can of Hungarian goulash.

Its citizens believe the state is on their side and all parties proclaim the primacy of security and welfare over free markets and laissez faire.

The system that is thereby erected means there are almost no jobs for its young people and very few for anybody else. The ensuing welfare payments create a black hole in the nation's finances thereby ensuring that *morosité* is passed down from generation to generation.

France manages to get the best and the worst of both worlds. A successful industrial economy, yet one riddled with debts. Its governments are more dedicated to creating the feelgood factor than any other: look at the vast spending on the arts and on splendid new projects. Yet the population seems to subsist on tranquillizers and booze.

But the French are showing promising signs that they will never be content, however stable and well-balanced their economy. As the business daily *Tribune Des Fossés* remarked: "The defeat of Edouard Balladur will seem cruel to many but even at a time of economic growth France cannot create jobs." There is always something to guarantee a feelgood factor.

James Morgan is economics correspondent of the BBC World Service.

As They Say in Europe / James Morgan

Feeling good is bad for you

سكيا لالاحين

Weekend Investor

Wall Street

London

Too much happiness displeases the Dow

Maggie Urry reports on a week when baseball returned but the economy slowed down

Perhaps it was the prospect of the baseball season opening on Wednesday after last year's bruising strike. Or maybe just the arrival of spring weather. But whatever the cause, American consumers have got happier. And happy shoppers are not what stock markets like to see.

So far this year, the markets have enjoyed a run of economic statistics which have presented an increasingly dismal view of the US economy. That is good news to those concerned that fast growth leads to supply bottlenecks in the economy, in turn pushing inflation higher and requiring unpleasant corrective action.

Yesterday, the slowdown in economic growth in the first quarter was confirmed when a 2.8 per cent annual rise in gross domestic product was reported by the Commerce Department. That is well down from the frenetic pace of growth seen at the end of last year. And it enabled economists to say that the soft landing – the desired combination of slower growth and low inflation – had arrived.

Growth of 2.8 per cent was lower than some forecasts. More important, it was close enough to the Federal Reserve's apparent target of 2.5 per cent to rule out any remaining fears of a rise in short-term interest rates at the Fed's next meeting in May.

Both before and after yesterday's GDP figure, however, there were signs that growth might be picking up again in the second quarter. Will it prove a case of "that was the soft landing, that was"?

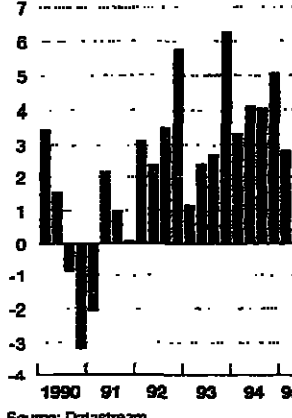
The first sign came on Tuesday when the consumer confidence index was published. Forecasters had expected it to show another decline, reflecting a fall in Americans' happiness quotient. Instead, it surged to its highest level in five years.

The same day, figures on housing sales showed a 5.8 per cent rise in March compared with February when, again, a decline had been expected. Another surprise appeared on Wednesday in the durable goods statistics. Orders were up by 0.8 per cent in March, not down as economists had predicted.

Even yesterday's GDP statistics were not all good news. They had been expected to show a sharp rise in stocks, suggesting that production had

US real GDP growth

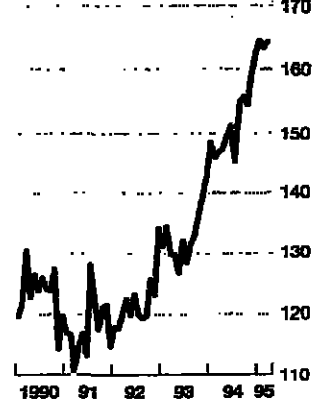
Annualised quarterly % change



Source: Datastream

Durable goods orders

\$bn



exceeded demand. That would have led to a fall in production in the second quarter as those excess stocks from the first three months were used up.

Yet, although stocks went up, and by a significant \$63bn, the increase was not as much as some had expected. Broker Smith Barney had estimated they would rise by \$77.4bn, based on data for January and February. That might indicate that stock-building in March was much less strong and demand higher.

To cap it all, when the Chicago purchasing managers' index was published after the GDP figures yesterday morning, it showed a pick-up in business activity in April. Again, a decline had been expected. That was when the stock market, which had been hitting new highs for much of the week, really began to worry and fell sharply.

The market has had a lot of good news this week as well. First, there was a more stable currency following the meeting of the Group of Seven in Washington on Tuesday. That was slightly surprising since nothing much came out of the meeting to prop up the dollar.

But at least there was no concerted attempt by the other nations to force the US to raise interest rates to defend the dollar.

More important has been the stream of good news about company earnings. According to Jeffrey Applegate, investment strategist at CS First Boston, 71 per cent of the companies in the S&P 500 index had reported first quarter earnings by Wednesday night.

Corporate results have not just been good – that had been

expected. They were spectacularly good. For every company which reported lower than expected profits, there were two which beat analysts' forecasts.

IBM, which recorded a significant rise in its shares the previous week when it reported strong earnings, continued to prosper. Since its first quarter figures were released on Thursday April 20, to the close on Thursday this week, they had gained \$9.40 to \$98.60 – a rise of 11 per cent.

This week also has seen good results from the oil industry, chemicals, airlines and technology companies. Many have been aided by the fall in the dollar, perhaps more than analysts had expected.

Cirrus Logic, a semiconductor group, was one of many computer companies to do well. It reported earnings per share up from 48 cents to 59 cents in the first three months of 1995. Its shares rose \$3.40 to \$49.00 on Thursday, an increase of 20 per cent. Gains from technology stocks pushed the volatile Nasdaq index to record highs during the week.

Chrysler was a company which must have been glad to see its shares fall this week. The car-maker's price had been weakening for days, and dropped \$2.10 to \$41.50 on Wednesday. The fall marked the virtual end of Kirk Kerkorian's hopes of a \$23.8bn takeover.

Dow Jones Ind Average

| | | |
|-----------|---------|--------|
| Monday | 4303.98 | +33.89 |
| Tuesday | 4300.17 | -3.81 |
| Wednesday | 4299.83 | -0.34 |
| Thursday | 4314.70 | +14.87 |
| Friday | | |

Will they or won't they? Kenneth Clarke, chancellor of the exchequer and Eddie George, governor of the Bank of England, meet on Friday with the market, on balance, expecting a rise in interest rates.

A half percentage point increase to 7.25 per cent has already been anticipated by short sterling futures, the market's vehicle for speculating on rate changes.

The arguments in favour of a rate rise were bolstered this week by first quarter gross domestic product figures, which showed that the economy grew by 0.8 per cent, faster than most economists had expected.

Analysts had been misled by the recent weakness of manufacturing output and retailing statistics, but it seems that the services sector powered ahead in the first quarter, accounting for around 85 per cent of the economy's growth.

The continued weakness of

sterling may also play a part in the decision. It was cited as a worry in the minutes of the March meeting, although the authorities have since made it clear they would not raise rates solely to defend the pound.

One can only feel sorry for Kenneth Clarke. There will be plenty of critics lining up if he raises rates, including some backbench Tory MPs if, as expected, an increase comes in the wake of a heavy government defeat in the local elections on Thursday.

But if Eddie George asks for a rate rise, and Clarke turns him down, the markets will exact a terrible revenge when the news comes out.

As Italy and Sweden have recently discovered, the markets can be exceptionally harsh on governments which they feel are playing fast and loose with the principles of sound finance.

Steve Wright, UK equity strategist at Barclays de Zoete Wedd, says that the next rate

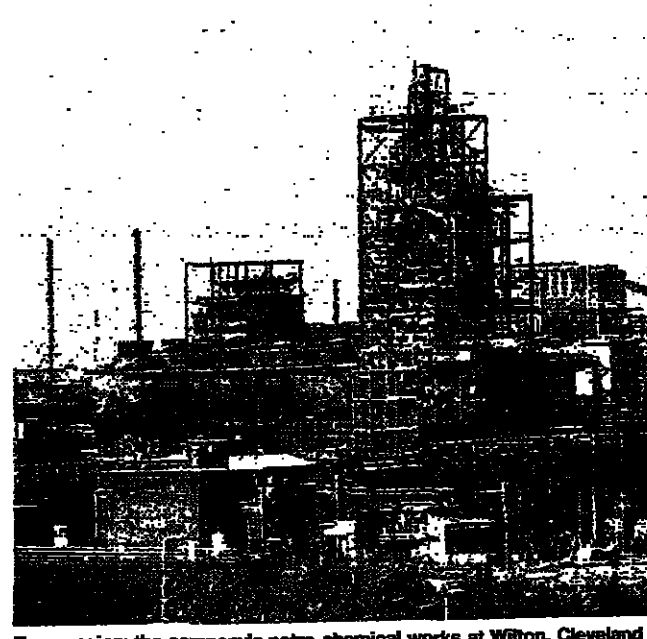
rise might not be the problem. He does not think the UK market can rally substantially until investors are confident that they can see the peak in the current interest rate cycle.

Short sterling futures are pointing to further rate increases, with at least 8 per cent priced into the market for March 1996.

For the past year, the market has been caught in the cross-fire between higher corporate earnings and rising interest rates. Further evidence of the strength of the UK corporate sector came this week with figures from Imperial Chemical Industries.

It has become a stale cliché to describe ICI as the bell-weather of UK industry and, after the split with Zeneca, the description is no longer accurate.

Nevertheless, it has got to be encouraging when one of Britain's premier industrial groups can announce a 137 per cent increase in first quarter pre-tax profits. Once again,



Encouraging: the company's petro-chemical works at Wifon, Cleveland

however, the market surprised the casual observer by marking the shares down on the day.

Even though the results were ahead of expectations, comments made at the analysts' meeting about a slowdown in chemical growth in some OECD countries took the shine off the share price.

There were also strong figures from the Bank of Scotland, another Footsie constituent, which celebrated its 300th anniversary in style by announcing a 67 per cent increase in pre-tax profits. Unlike some of its rivals, which owed their improved results to a decline in bad debt provisions, Bank of Scotland managed to increase its operating profits.

The results season is nearly over and has been generally positive for the market. The corporate sector has been benefiting from export growth and has not yet suffered a squeeze in margins from higher commodity prices.

The four-week average of the dividend index, which is compiled by subtracting the number of cut payments from the number of increases and expressing the result as a percentage of the total, rose this week after five consecutive falls. At 58.6 per cent, it indicates that around three out of five companies are increasing payments, a sign of corporate confidence.

Although the FT-SE 100 Index has picked up more than 200 points since early March, the rally to date must be classed as solid, rather than exhilarating. Footsie has, at

least, broken out of the 2,950-3,150 trading range in which it seemed to be marooned for months, but it is still well shy of its early 1994 peak of 3,520 and has lagged a long way behind Wall Street where the Dow Jones Industrial Average keeps setting records.

One piece of good news for investors is that the Coppock indicator has finally given a buy signal for Footsie. The Coppock indicator is designed to show long-term investors when it is "safe" to enter the market.

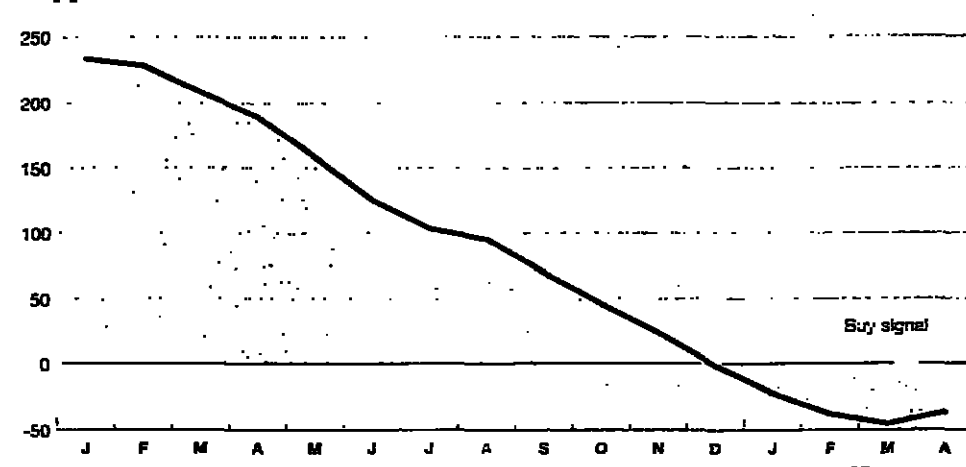
The indicator has been shown to work consistently in the US, where it was devised. Chartists say it has failed only once in the UK since the second world war.

It is based on the theory that markets take around 11-14 months to absorb adverse shocks, and is therefore calculated by comparing the end-month level of the index with its level 11 and 14 months ago.

Once the indicator turns negative and then starts to rise again, Coppock gives a buy signal. For Footsie, the indicator duly turned negative in December 1994 and after last night's close of 3,216.7, has turned up again, as the graph shows.

The indicator is not designed to show that Footsie will rise on Monday or this week, but over the medium term. The theory's originator, Edwin Coppock, said that, once a signal had been given, investors should "buy several strong good-quality stocks". Alas, his theory does not indicate how to find them, although perhaps the modern equivalent would be to buy a low-charging index fund.

Coppock: a turn for the better



Source: FT

Highlights of the week

| | Price | Change | 1995 | 1995 |
|---------------------|--------|---------|--------|--------|
| | Y'day | on week | High | Low |
| FT-SE 100 Index | 3216.7 | +16.8 | 3226.2 | 2954.2 |
| FT-SE Mid 250 Index | 3530.2 | +25.1 | 3530.2 | 3300.9 |
| Bespak | 255 | -48 | 333 | 238 |
| British Aerospace | 536 | +21 | 543 | 418.5 |
| British Steel | 169 | +9.5 | 169.5 | 144 |
| Crav Electronics | 73 | -82 | 170 | 71 |
| DFS Furniture | 280 | +35 | 280 | 238 |
| Inchcape | 319 | +10 | 430 | 274 |
| Ladbroke | 180 | +9 | 180 | 161 |
| National Express | 373 | +56 | 373 | 289 |
| VSEL | 1694 | +84 | 1700 | 1358 |
| Wakebourne | 384 | -23.5 | 79 | 38.5 |
| Warburton (SG) | 769 | +26 | 784 | 655 |
| Whitbread | 565 | +21 | 572.5 | 521 |
| Yorkshire-Tyne TV | 504 | +45 | 509 | 386 |

Currencies calmer
Following blue chips
Profits warning
VSEL bid expected
Steel prices harden
Profits warning
Improved profits & dividend
Broker tip
James Capel "buy"
Dealings restart
Takeover hopes
Profits warning
Bid speculation revives
Brokers' recommendations
Granada bid speculation

Barry Riley

When the spending has to stop

State benefits are to be scaled back. Is compulsory saving next?



Saving, like eating rhubarb or jogging around the park, is good for you, even if you don't like doing it. A curious consensus seems to be developing that it should be made compulsory. Thus, the National Association of Pension Funds this week unveiled details of its plan for all employees who are not members of occupational schemes to have 10 per cent of pay (split equally between employer and employee) transferred into new private sector pension funds.

Compulsion was backed at the NAPF's annual conference by speakers from organisations as varied as the Institute of Directors and the Trades Union Congress. The idea was also aired recently by the Labour Party's social justice commission.

There is, of course, nothing new about compulsory pension contributions as such. We all have to pay National Insurance contributions, an important part of which goes to finance state pensions – although it is possible to contract out of part of the state scheme, and pay lower contributions, so long as other payments are being made into a company scheme or a personal pension plan: compulsion, again.

Trouble is brewing, though. The state is backing away from its costly pensions promises and earnings-related

benefits are scheduled to be halved over the next 50 years. Meanwhile, the number of old people is going to grow, relative to the size and taxable capacity of the working population.

That leaves a big gap which will have to be filled through extra private provision or, eventually, the destitute old folk will have to be rescued by extra emergency assistance from the state, from families (if they have any), or from private charities. But we don't want the 21st century to be like the 19th century.

To bring its budget under control, the government is targeting its benefits – especially for long-term health care – on the poor and is increasing the use of means testing to disqualify much of the population. The implied message is that most people should save more and finance their own old age.

So long as the social security safety net exists, however, the lesson may be understood in reverse. It is a mug's game to reach retirement with wealth that will disqualify you from receiving benefits. This does not apply to high earners who could hardly survive at safety net levels – but, for the bulk of the population at around average incomes and below, the disincentive to save is becoming powerful.

What, though, is the difference between

compulsory saving and taxation? To the ordinary employee studying a pay slip, one stoppage is much like another. The government has muddled these waters already by claiming, persistently, that it is cutting taxes while, at the same time, National Insurance contributions have been climbing. The difference in

It is a mug's game to reach retirement with wealth that disqualifies you from benefits

practice is vague, although taxes are supposed to be spent by the government while the contributions are recycled immediately in National Insurance benefits, including pensions, on the so-called pay-as-you-go basis.

Compulsory savings would be different again, in that the money would actually be accumulated as capital in special funds. But although people would build up credits, they would not be able to touch the money until they retired.

There would, however, be some important economic implications. Investment funds would build up: the NAPF's scheme would

generate contributions of between £5bn and £10bn a year, depending on its coverage. This would have the potential for increasing the national savings rate because the new pension schemes would not pay out significant benefits for many years.

In this, they would differ from the existing company schemes, which are relatively mature and pay out just about as much in benefits as they receive in contributions and investment income. Although existing British occupational pension funds contain more than £400bn, they are not a significant source of new savings.

So, it is possible that new pension schemes could give a shot in the arm. More savings should finance more investment, thus increasing the national growth rate and generating the wealth that will pay for the future pensions. One of the factors behind the very high growth rates, and the increasing prosperity, of the developing economies in the Far East is that they have very high household savings rates – often 20 per cent or more.

These are motivated, in part, precisely by the paucity of state provision for old age. At the other end of the spectrum is the US, with a tiny savings rate of only about 4 per cent (although American statistics probably make this look worse than it really is).

To finance economic growth, the Americans have to suck in foreign savings through a surplus on capital account, which means that their current account must remain in heavy deficit. Without a big rise in domestic savings, of which there is no sign, the dollar is likely to stay in trouble.

The UK, with a personal sector saving ratio of about 10 per cent, is in an intermediate position. Compulsory saving might raise the ratio, but it would depend on the extent to which existing, voluntary, savings were reduced. The NAPF has commissioned the London Economics consultancy to analyse some of the implications.

In the long run the British economy would be stimulated. But the first effect of imposing compulsory savings would be to reduce consumer spending. The economy would weaken. There might be political embarrassment for the government. Any attempt to interfere with the public's relative preferences for current and future consumption would be to court unpopularity.

So, it is fear and compulsion that make people save more. That is not very promising: spending is so much more fun. But the pensions men believe you do not know what is good for you, and they are probably right.

Now, eat up your rhubarb.

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